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MUSSOLINI, PROPHET OF THE PRAGMATIC ERA IN POLITICS

THE public press, not only of this country but of England and of continental Europe as well, is full of current prophecies that the age of democratic liberalism is dead and done for. It is a phenomenon of curious portent, following as it does upon the heels of the late crusade to "make the world safe for democracy." The immediate aftermath of the war, which saw the expansion of the suffrage reach its apogee and extend even to the newly aroused Orient, also the imposition of the dogma of self-determination and Wilsonian liberalism in international affairs. True, that doctrine underwent some curious metamorphoses in the actual peace settlements, but it none the less leavened the loaf. The League of Nations and the Permanent Court of International Justice stand as substantial witnesses to the power of this liberal spirit in international affairs.

At the same time, however, the unleashed powers of nationalism were beginning to feel their strength and, as Lloyd George put it, "to smash crockery" in international politics as well as in the international market of a *Weltœkonomie*. First it was tariff barriers; next it was exclusion or drastic regulation of immigration; then it was a series of incidents grouped about the oppression of racial or religious minorities in the new areas; finally, it was the old economic struggle for exploitation of "backward races", met, however, on their part by a new power of resistance to the domination of occidental control in finance and industry.

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With some of these forces the League and the World Court can deal; with others they dare not interfere. But with the most profoundly deep-rooted cleavage of all, the explosive and disruptive forces of Communism, they cannot hope to cope. That is a struggle which must be fought out inside the nation, so long at least as Communism does not control enough nations to make a world crusade possible. And within the nation, Communism challenged the old machinery of constitutional settlement by proposing the dictatorship of a class-conscious minority in place of the older machinery of liberalism. Fascism, in combating it, has taken over its methods and its general philosophy of government.

The liberalism that fastened itself upon the parliamentary institutions of most of Europe was the outcome of that absolute faith in reason and logic which passed over into the nineteenth century from the age of prose and reason. The Philosophical Radicals, led by Bentham, were writing a new chapter in the history of government attuned to the first turning of wheels in the Great Industry. They were as convinced that the Utilitarian philosophy of government would assure men liberty through the reign of reason, as they were that the unrestricted march of economic laws made for a sort of divine working of economic liberty. Give men freedom to elect representatives with limited terms, and the problem was solved. The end of government being the protection of the individual, representatives should be so hedged about with restrictions as to protect individual liberty to the greatest possible degree. Liberalism was an idealistic version of this faith. When Italy won its nationhood after the *Risorgimento*, it assumed as a matter of course the liberalistic parliamentary institutions that were in the very air nationalism breathed. Not Garibaldi, but Cavour shaped the dream of Mazzini into an actual form.

Now all that has passed into the discard in the new Italy which has sprung to life under Fascism. Fascism is a repudiation of the old logical Utilitarianism of the English Radicals of 1832 in favor of the older psychological pragmatism of Machiavelli. "Liberalism," says Mussolini, "is not the last word; it does not represent any final and decisive formula in the art

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of government. In this difficult and delicate art which deals with the most refractory of materials, not stationary, but always in movement since it deals with the living and not with the dead; in this art of politics there is no Aristotelian unity of time, of place, and of action. Men have been governed, more or less fortunately, in a thousand different ways. Liberalism is the contribution, the method, of the nineteenth century. . . . It cannot be said that Liberalism, a method of government good for the nineteenth century, for a century, that is to say, dominated by two essential phenomena like the development of capitalism and the growth of nationality, should be necessarily good for the twentieth century, which already betrays characteristics differing considerably from those of its predecessor. Facts outweigh books; experience is worth more than theory. To-day the most striking of post-war experiences, those that are taking place before our eyes, are marked by the defeat of Liberalism. Events in Russia and in Italy demonstrate the possibility of governing altogether outside the ideology of liberalism and in a manner entirely opposed to it. Communism and Fascism have nothing to do with Liberalism."[1]

That is, of course, a far more complete break with Liberalism than that involved in the mere repudiation of a party. In England and in this country economic class distinctions may increasingly determine what is apparently to be the new party cleavage, yet there remains a willingness to work through the constitutional machinery that is so largely the fruit of Liberal doctrine. France, too, seems in no mood to give up its parliamentarism, despite the exhortations alike addressed to it by the Royalist Right and by the *Chemises Bleues*, and equally by the Syndicalist Left and by the Communists. But Italy and Russia have cast the die. Spain and the Balkans have followed their lead; while Germany and Central Europe waver on the verge. To parallel Lenin's "Democracy is a mere bourgeois superstition", Mussolini concluded the attack on Liberalism quoted above: "Know then, once and for all, that Fascism

[1] Fascism does accept the economic motivation of Liberalism—self-interest and gain, operating through privately owned industry.

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recognizes no idols, adores no fetishes; it has already passed over the more or less decayed body of the goddess Liberty, and is quite prepared, if necessary, to do so once more."[1]

Is it merely the perversity of intellectualism to suggest that back of this rejection of Liberalism, parliamentarism, and the whole democratic machinery of representative government, lies a philosophic doctrine of a sort? It is the gospel of pragmatism, pushed to the same extremes which Papini, before he popularized the *Life of Christ*, gave to the radical empiricism of William James. The observers who have commented upon Fascism have agreed upon one thing at least—that its method is essentially pragmatic. Although they have not always so named it, and although only its protagonists attribute to the movement a profound underlying idea, Fascism has come to mean to the popular imagination just this application of pragmatism to politics. Mussolini attributes his own intellectual shaping to William James, on equal terms with three great pragmatists in politics: Machiavelli, Nietszche, and the syndicalist, Georges Sorel.

Now if it be mere vexation of spirit to try to establish any causal relations between ideas and events, we must yet recognize that there is this persistent attitude among those whose profession it is to think. Perhaps we may call it Hegelian, in a broad sense. It is expressed in the efforts that the human mind makes to find "ghostly essences" of reason operating in the world of history. "In each epoch of time there is current a certain type of philosophic doctrine," says, for instance, M. Leroy of the Collège de France, speaking for once with the authentic voice of this intellectualistic temper, "a philosophy deep-seated in each one of us, and observable clearly and consciously in the utterances of the day—alike in novels, news-

[1] Benito Mussolini, "*Forza e Consenso,*" in *La Gerarchia,* March 1923. I use the translation given for this speech in the English edition of Odon Por's book on *Fascism* made by Mrs. E. Townshend. Fascism seems to have fastened upon the British Liberal Party as the enemy. After the general election of October 29, 1924, in which the Liberal Party was almost wiped out, the Fascist *Idea Nazionale* argued that liberalism all over the world was dead, and Mussolini said with satisfaction: "One section of the international anti-Fascist front has been smashed." (*Manchester Guardian Weekly,* November 7, 1924.)

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papers, and speeches, and equally in town and country, workshop and counting house." It is the business of historians of ideas, on this reading of history, to make clear the philosophy of an epoch.

One may, indeed, be more than doubtful whether any such philosophic singleness of mind ever characterized any period of the history of man, possessed as he is of a reason so essentially argumentative in its character. But if we permit ourselves the dangerous luxury of simplification, we can certainly speak of the *Zeitgeist* of our own day as an intellectualized distrust of the intellect in its effort to make programs of action. In the area of politics, where theory finds one of its most immediate contacts with the world of history, it is natural that theorists who must be men of action, too, should seize upon the philosophy of pragmatism to deal with affairs in which expedience and concrete solutions have always been desiderata. Statesmen have, apparently from the beginning of political experience, made their appeal to the idealistic nobility of a stand upon principle, most of all when they were unostentatiously pursuing a compromise in fact. The practice of politics has never been other than pragmatic. A stand on principle may be the nobler gesture, may even be a necessary sop to man's compensatory desire to idealize his pursuit of deeply rooted, instinctive interests. But rationalism too often serves only as a cloak for imperative and unreasoned desire. That, at least, is the way the matter looks to the political pragmatists of our own day.

Even where idealism is genuinely disinterested it seems to be hardly able to survive in the inevitable test to which it is put by conflicting economic interests. There is little use in laboring the point while the ghosts of the Fourteen Points still linger in the air, their reality having vanished at Versailles with an imperceptible slowness, like the Cheshire Cat in *Alice in Wonderland*, leaving behind nothing but a feline smile—this time "on the face of the Tiger". If Castlereagh, a century ago, could call Alexander the First's proclamation of the Holy Alliance "a piece of sublime mysticism and nonsense," Lloyd George could be more delicately brutal by utilizing the idea of the League to cover his own opportunism. He rendered lip-service, all the

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while acting prudently on the assumption that such a thing as a real and powerful agent of world opinion could not and would not exist. Metternich's dismissal of the Holy Alliance as "a sonorous nothing", too, found a match in Clemenceau's exclamation: "Fourteen Points! The good Lord himself had only Ten!"

Politics has never been characterized by too rigid a Platonism in the application, or even in the entertainment of "principles." Yet never before, perhaps, were principles in such disfavor as during the period immediately following the fall of President Wilson from the idolatry in which he had been held at the close of the war. He had seemed to sum up in a single personality the hope of the world in human reason and good will, in their combined power to restore a world "fit to live in" after the four years of nightmare. His failure to accomplish the impossible at the Paris Peace Conference seemed symbolic of the ineffectuality of idealistic principles in the face of conflicts of interest. He had spoken prophetically in his triumphal tour, the tragic prelude to Versailles: "Interests do not unite; interests can only divide men." And he had appealed to that higher community of purpose for which the Allies had professed to have made war as the unity on which they might build peace. But Versailles wrote a different history—and as its aftermath, Mr. Harding came into power in America upon a program that was tantamount to a signed promise to do nothing on principle and to do whatever else he had to, carefully; Mr. Coolidge holds our confidence on a program of thrift. M. Clemenceau went out of power in France largely because he was felt to be a man *d'une idée fixe*, and so did M. Poincaré. Mr. Lloyd George retained power in England by the most adroit political jugglery, and the most supple bending as the wind blew that even politically minded Britons had seen for some time; and at last even he went into his wilderness. Italy drifted through syndicalism to Fascism with the same facility as it changed front toward the "Fourteen Points." With Latin fervor it had worshipped Wilson; with Latin fervor it now branded him as the anti-Christ.

The spirit of these times, politically speaking, was voiced by

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Mr. Harvey, American Ambassador to the Court of Saint James, in a speech to the Pilgrims at their dinner on May 19, 1921. Mr. Harvey took the occasion to make a statement of the "policy" of the Harding Administration; he declared that he was empowered to announce America's participation in the decision of the Supreme Council on the Silesian question then pending. America's position in foreign relations, as Mr. Harvey interpreted it, was one of opportunistic intervention whenever she conceived her rights or interests to be affected. She would enter into no "entangling alliances" nor would she commit herself to defined policies: "We shall get nowhere until we abruptly put aside academic discussion of theoretical proposals, and manfully face without wincing or mincing, the actual realities."[1] What these actual realities were, other than the ambassador's refusal to commit himself or his country to any lines of policy whatever, hardly appeared from the context. The British members of his audience may have suspected that they were debts and markets. Whatever they were, they were not to be found in the "*doctrinaire*" efforts of an idealism which attempted to put a curb on the play of interests. Those who had tried to interfere with the machinery of things as they were, had just met the rebuke of democracy, or were already in sight of political wildernesses. *Vox populi* had spoken: the Lord's face was turned against "points" and such abstractions. The political prophets preached a new gospel—pragmatism, the reasoned distrust of rationalized solutions.

The very Mahomet of this worship is Mussolini. Ideological programs and a superstitious reverence for the formal democracy of the ballot box had led his Italy to a state of anarchy approximating that before which the medieval republics of the cities had bowed. For the new Italy that had emerged from the Risorgimento, liberalism through its prophet, J. S. Mill, had laid down representative government with all the refinements of parliamentary institutions of which the gospel according to Mill was capable. And Italy had accepted liberalism with the enthusiasm of a new convert; even, eventu-

[1] London *Times*, May 20, 1921.

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ally, she accepted proportional representation. But liberalism, to be workable, depends not alone upon a stable party system based in turn upon a national psychology that is at least the pale shadow of Mill's sweet reasonableness. It depends even more fundamentally upon the hypothesis that the unity of the nation is firm enough to support a constitutional state. After the war, an Italy badly divided, sabotaged by Communism, grew sicker and sicker under government by blocs, government by unreal coalitions, by log-rolling, and finally by "*decreti-leggi.*" It all amounted to no government at all. Machiavelli's *Prince* was not more needed, when he wrote, to raise Italy from her divided weakness, than was a dictator, now —one strong enough to seize the reins of governmental power from the lax hands which refused to tighten them on syndicalistic violence. Under such conditions it was natural that Fascism, symbol of united power in a single hand, should gather strength until it swept the slate clean of timid parliamentary equations and inscribed in a bold hand the single word *Force!*

Parliamentary government—we have the high authority of Lloyd George for it—means "government by talk." But, as ex-Ambassador Child put it, "When a spirited people cannot stand it any longer, they act. Talk and party conferences and social theories and sentimentality are luxuries enjoyed by these people who do not face intolerable situations. . . . When a people face an intolerable situation the real ravenous hunger is not for a program, but for a man."[1] This apology for Fascism, broadcast through the columns of the *Saturday Evening Post*, is accurate enough. Yet it is perhaps worth noting that it is only these peoples who insist on the luxury of party systems and the sentimentality of social theories who arrive but rarely at "intolerable situations"; on the other hand nations who are forever in search of the man, not the program, seem to find almost all situations equally and chronically intolerable after a trial more or less brief.

As for programs, apparently Ambassador Child was suffi-

[1] *Saturday Evening Post*, June 28, 1924, pp. 157-158.

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ciently interested in the meaning of Fascism to make some inquiries of Mussolini, even when the Black Shirt was still a bravado gesture. This is his report of the interview:

> "Well," I said, "what is the Fascisti program? It is easier to snatch the tiller than to steer the boat. . . ."
>
> "Program?" he said. "My program is work, discipline, unity." He shot another look at me and saw that I was doubtful about vague slogans. He said with tremenduous conviction, "Programs are endless. It is the organization—it is the men—it is action, not talk—it is men!"

There you are: the program of the politics of the period is *action*—not talk, not theory. The time, whether or not it be out of joint, is as impatient of theory as was Burke, who felt that a society was sick to the degree in which it attempted rational self-criticism. Political activity is only healthy, Burke held, so long as it is spontaneous. Hamlet is the bogey, as well of our politics as of our philosophy. It is to the Bismarcks, the Roosevelts, the Napoleons, the Mussolinis, that the imagination of politics is turned, away from dreamers and critics. It is a direction to which William James had already pointed in his essay on "Great Men and their Environment".

It may quite well be that the reason for this present distrust of reason is the same that led Burke to his later defense of instinctive conservatism. The reaction which swept the author of the *Speeches on Conciliation with the Colonies* into his half-mad hatred of Jacobinism, was inspired by the antics of Mother Guillotine in her Mob Cap, dancing the wild jig of the French Revolution. Theories had begot that monstrous orgy. They were feared with the same superstition that earlier smelled witchcraft in the simple-gathering and senile mumblings of village crones—and with more justice, no doubt. It was, in any case, with shouts of "no philosophers!" that the anti-Jacobin mob burned the house of Priestley over his head, on the unfounded suspicion of his having attended a Reform dinner; and it was the same fear that hounded harmless members of the London Corresponding Society until it had shipped them for treason to Botany Bay.[1]

[1] H. N. Brailsford, *Shelley, Godwin, and their Circle,* pp. 39-41.

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Something of this distrust of "intellectuals" has been of late in the air. When the world's eyes were drawn toward the spectacle of Communism's red terror in Russia, they beheld theories again at their ghastly work. Liberal sentiment was as horrified by the pranks of Demos in its proper abandon as Burke and his contemporaries had been at Guillotine. The dress now was Marxian red, but the dance was the same. Even the garment's self had undergone no other change than in the shade of the dye.

Burke, whose defense of instinctive prejudice against the rationalistic lure of abstractions and pure logic finds a hearty modern echo in the pragmatism of William James, had led the stampede back to the toryism of his generation. There has been as great a crush, contemporarily, along the path "back to normalcy", and not all the signs say that the rush is past. People, at least up to the last campaign, were beginning to smile at the orators who inveighed against the mildest social reformers as Bolsheviks. But now the governments of the world seem to be shifting back to "Tranquillity", away from what Mr. Punch aptly called "Sidney-Webbicalism" as well as syndicalism. And Mussolini, though he has been sadly shaken in his saddle (since the "unfortunate jest" implied in the to-be-regretted disappearance and subsequent murder of one of the opposition leaders, Signor Matteotti), still retains an unrelaxed hold on Italy. He has driven most of the real leaders of the opposition into exile along with Salvemini and the Garibaldi's. He has a "Bill of Attainder" against them at his discretion. He has successfully suspended or muzzled all save the Fascist papers, and no man dare criticise Fascism or *il Duce* on pain of his life or health, as Amendola (had he not died of gangrened wounds) and Misuri could testify.

But how can such a movement have even a claim on pragmatic origins? Pragmatism, in the hands of William James, was a bracing and rather revolutionary refusal to take logic and the monistic Absolute too seriously. It has lent itself, however, to such apostles of political revolt as the apologist of syndicalistic violence, Mr. Georges Sorel, and the defender of "direct action" on the part of groups within the state, Mr.

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H. J. Laski.[1] Both of them declare that they are the disciples of James, the pluralist in philosophy, in their attempts to pluralize authority, and discredit the State as a court of last resort. They will have none of the legalistic fiction of absolute sovereignty, any more than James would of the Absolute's self. On the other hand, pragmatism in the hands of Mr. Dewey, the foremost of its living exponents, has meant a philosophy of social synthesis, more and more tending to an absolute science of society and morals. If he calls himself a pluralist, it is by no means with James' meaning of pluralism—"the absence of any singly unifying relationship." Groups have a claim to their separate existence and rights only from the point of view of their functions in the organic context of social interdependence and solidarity. Indeed, without any conscious discipleship on either side, his own pragmatism has taken him straight along the road to the philosophy of "solidarism" of the French sociologists who follow Durkheim. Solidarism is a "functional" philosophy, one very closely akin to the "instrumentalism" of Mr. Dewey. In the hands of M. Duguit, the foremost of the jurists of this persuasion, it has become a defense before the fact of Mussolini's ends and of the methods actually put into practice by Fascism; for it holds fear and force to be the foundations of political order, and all means to be justified that assure the proper functioning of the public services.[2]

Is it only an accident that this pragmatic philosophy of law has turned syndicalism to its theoretical uses just as Fascism has done in practice? Not if there is a reciprocal connection between the development of ideas and the parallel development of facts. Instrumentalism is the same development away from the radical empiricism of James's doctrines which Fascism

[1] For an interpretation of this connection see the following articles by the writer: "The Pragmatic Politics of Mr. Laski", *The American Political Science Review*, vol. XVIII, No. 2, May, 1924; and "The Political Application of Romanticism," POLITICAL SCIENCE QUARTERLY, vol. XXXIX, No. 2, June, 1924. Mr. Laski's *Grammar of Politics* is much more restrained in tone.

[2] See the writer's "The Metaphysics of M. Leon Duguit's Pragmatic Philosophy of the Law," POLITICAL SCIENCE QUARTERLY, vol. XXXVII, No. 4, December, 1922; and "Sovereign State or Sovereign Group?", *The American Political Science Review*, vol. XIX, No. 3, August, 1925.

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represents in relation to syndicalism. M. Duguit claims for his interpretation of law that it is syndicalistic; but his is a syndicalism profoundly conservative in its tendencies, one that aims at creating a more flexible system of law, based upon a contractual régime of group-made laws. The political structure of the future will be "professionalism", or the autonomy of occupational and professional groups. The only constraint upon group autonomy will be the duty of the rulers of the state to assure the functioning of the public services. This is, almost word for word, the Fascist program for the new "Fascist-Syndicalist State." The reservation of all control necessary to assure the public service, however, turns out to be a very important proviso. It means a syndicalism only of form. The real power rests with the rulers of the state. When the French *Confédération Générale du Travail* attempted to make its own law by launching a general strike, beginning with the famous May-Day railroad strike of 1920, the government in power used troops to assure social solidarity—to the vast delight of M. Duguit. In the same manner the Fascist militia smashed the Italian general strike of 1922. It turns out that the nation, through the government actually in power (that is in control of the actual force), is still to have the final decision as to what is law, and the duty of enforcing that law—whether it be the constitutional government or not. Unitary power seems to be a practical, a pragmatic necessity. Syndicalism is merely a convenient method of grouping citizens to assure their complete subjection to "Law and Order" even if that be attained along the lines laid down by Judge Lynch.

The development of the theory of Fascism has been in profound accord with this outcome of "solidarism". It, too, started from syndicalistic origins. It, too, followed a pragmatic progress toward the negation of its premises. Theories of any sort are forced to conform to historical conditions in their application, if they are to realize themselves in events. But there is something peculiarly inevitable about the result of the syndicalist attempt to integrate society by dividing it. The emphasis must be placed at one end or the other. And the result of placing it at pluralistic pole has been, historically, just

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as sure a swing toward absolutism in fact, as the practice of absolutism has meant a revolutionary reaction toward a reign of feudalistic violence.

Let us point our moral, even though that may not adorn the tale. Signor Mussolini, in the days of his youthful adherence to the revolutionary wing of socialism, was one of the most intransigent of the revolutionary leaders of Italian Labor. His apostleship to the gospel of syndicalistic violence and the General Strike Myth cost him the editorship of the *Avanti* and an exile (more or less voluntary) from an Italy in which parliamentary socialism had won. He spent it in Switzerland, improving his mind by further reflections on violence. Then he was expelled from Switzerland by the government as a dangerous radical. The origin of Fascism is commonly admitted to lie in those "*Fasci* for Revolutionary Action" which he joined as a leader upon his return to Italy. They hastened the entry of Italy into the war on the forlorn hope that by so doing they were bringing about the reign of syndicalistic Socialism throughout the world. The gospel of violence preached by such followers of Sorel as Panunzio and Mantica was seized upon by d'Annunzio to bring Italy in upon the Latin (French) side. Mussolini and the other Revolutionary Socialists who had repudiated parliamentarism, by some twist of the imagination saw in the death-grips to which Europe had come a situation that meant Marxian world revolution.[1] They joined d'Annunzio and the Republicans and the Mazzinists (who were purely nationalistic in their hope) in bringing Italy into the struggle, staking their socialistic future upon the correctness of their own diagnosis of social tendencies. They lost—as socialists. Nationalism, not internationalism, the dice read when the war was over. But the syndicalistic group-

[1] The first vigor of Bolshevism was applied to the hope of world revolution, too, but it soon turned its attention perforce to consolidating its hold upon Russia. It has become, since the inauguration of Lenin's "New Economic Policy", primarily concerned with the government of Russia, as Mr. Michael Farbman has shown in his excellent studies, *Bolshevism in Retreat*, and *After Lenine*. Bolshevism, at the present time, has hardly more of an international program than has Fascism.

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ings—the *Fasci*—still survived. Just as the nationalistic faith had absorbed the internationalistic hopes of their socialism, so it now swallowed up the leaders of the latter movement in the maw of Fascism. The form of "*fasces*", taken from the Roman symbol of lictor's power (the joined band of rods about an ax, borne before the consuls and magistrates, and signifying the union of all forces in one) likewise underwent a transformation in the direction of closer cohesion. In 1919 there came into existence the *Fasci di Combattimento*, a Latin version of the more strenuous mood of the American Legion, bent upon law and order of the 100 per cent Italian kind, and with a natural affinity for securing the fruits of victory which played once more into the hands of d'Annunzio. Significant traces of the old syndicalistic origins of the movement show in the Guild Constitution which that fantastic statesman gave his Fiume.[1]

After this comic-opera interlude, Fascism proper came into being out of the wreck of the forces that had enjoyed Fiume under d'Annunzio's occupation. Dino Grandi, a considerable Fascist apologist and protagonist, put it this way: "Fascism has been, and is, nothing but the continuation of the 'Interventionism' of 1914–15, just as the '*Fasci di Combattimento*' [bands of ex-combatants] are the representatives and glorious offspring of the '*Fasci d'Azione Revoluzionaria*' of 1915, to whom belongs the credit of propaganda of the war among the masses, not so much as a military necessity, but as the best hope for revolution, as a mystical re-birth for the nation and for humanity."[2] And Odon Por, who has in his book on

[1] The enormous literature on this subject may be found in Carleton Beals's *Black Revolution*, in Odon Por's *Fascism*. Perhaps as good treatments of origins as any are Umberto Foscanelli's *D'Annunzio e il Fascismo* (Milan, 1923) and ex-Premier Bonomi's *From Socialism to Fascism* (1924).

[2] Odon Por, *op. cit.*, p. 29, quoting from *Le Origini e la Missioni del Fascismo*, by Dino Grandi, *Biblioteca di Studi Sociali* (Bologna, 1922). Both Gorgolini, in a book officially sanctioned by Mussolini, *The Fascist Movement in Italian Life*, and Luigi Villari, in *The Awakening of Italy*, bear out this statement; and so do Ferrero's *Four Years of Fascism* and G. Prezzolini's *Il Fascismo*. See also J. Marschak, "Der korporative und der hierarchische Gedanke im Fascismus," *Archiv für Sozialwissenschaft und Sozialpolitik*, Vols. 52-53 (1924 and 1925) for a profoundly philosophic analysis.

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Fascism given one of the most authoritative statements of the origins of the movement, shows how Mussolini and the other backers of the Fiume venture came to look on Wilsonism and parliamentarism and all the intellectualistic forces aiming at political regeneration of the world as "renunciatory". Still smarting under the Treaty of Rapallo, they declared war on the milk-sop policies of a government that permitted Italy to be robbed from without and sabotaged from within. The race, from that time on, was between Communist and Fascist violence, as to which would first overthrow the shell of the state.

For a time it looked as if Red revolution had won against Black. The syndicalist program of the general strike, which Mussolini had abandoned for the nationalism created by the war, was actually put into effect. The Federation of Italian Metallurgical Operatives took possession of the factories and plants in which they were employed in northern Italy, but the latter days of 1920 saw the golden opportunity of Italian Bolshevism loom large and then fade away, from want of leaders like Lenin. Mussolini, like the government, was a passive, even a benevolent, spectator; he had encouraged the previous seizure of the Dalmine plants.[1] In the 1920 seizures of industrial units he had not gauged the true helplessness of Italian labor. Even he made "a dignified request to the Leninists for a truce and, during the occupation of the factories, proclaimed his 'benevolent neutrality' towards the F. I. O. M."[2] He was not yet willing to risk a direct trial of strength between Fascism and Communism. His own program was anti-bourgeois, anti-clerical, anti-royalist, and it called for a "decimation of wealth" by means of confiscation and a capital levy.

But with the fiasco of the occupation of the factories, and the complete failure of the proletariat to organize political con-

[1] Benito Mussolini, *Discorsi Politici* (Milan, 1921), p. 177. According to Por, he referred to the Dalmine seizures as "a creative stay-in strike . . . that does not interrupt but continues production," *op. cit.*, pp. 41-55. See the first program of Fascism which included factory operation by the workers, published in *Il Popolo d'Italia,* March 1919, outlined by James Murphy, *loc. cit., infra,* p. 176, note 1.

[2] Por, *loc. cit., supra.*

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trol, the day of the new Fascism dawned. The Milanese group of Mussolini was subsidized, it is claimed, by the government.[1] Its full sun shone when it utterly broke the attempt at a general strike in 1922. The main criticism directed against the impotence of the old "parliamentary" government was equally applicable to the workers' control under the "Occupation" of 1920; trains failed to run, factories were idle, business of all sorts was tied up through the failure of the public services, including government. The national organism did not function. Economic stagnation and psychic disintegration——Italy knew both. The nation, having been led divided into the war, emerged physically untempered and spiritually divided against itself, into the period of reconstruction that everywhere tried nationalism upon a ruthless anvil. Fascism was a call to unity through the integration of groups of men who were desperate and well led. It had been schooled in violence from its syndicalistic origins and further instructed in the long course of war and by the occupation of Fiume. Men turned again to the myth of Machiavelli, after Sorel's syndicalistic myth of the General Strike had been exploded as a means of social reconstruction. Group action was still the core of their practice as well as their theory. But, like the juristic evolution of M Duguit, it had become group action bound together by the ties

[1] A view, somewhat inaccurate in its details, but not controverted on this point, given by James Murphy, "The Parabola of Fascism", *Fortnightly Review,* December 25, 1925. According to this statement the Prefect of Milan, like some medieval prince hiring *condottieri,* brought in Mussolini's Milanese group of Fascists to smash the socialists who were trying to get control of the Milan Savings Bank through control of the municipal and communal councils. Mr. Murphy asserts that the Nationalist phase of Fascism dates from this period, say 1921, but that Fascism did not finally pass under the control of the Nationalists until it had to fall back upon the big banks for support of the new government, after the *coup d'état* that won Rome. It was consolidated by Volpi with the help of the J. P. Morgan Co. loan in 1925, after de Stefani's failure. See also Mr. Murphy's articles in the *Atlantic Monthly* for January, 1924, and for December, 1925. Mr. Murphy is generally corroborated in his economic interpretation by the correspondents of the *Journal des Débats* and by the *Manchester Guardian,* but his figures on the budget are doubtful. William Bolitho's series of articles in the New York *World* during December, 1925 and January, 1926, are subject to the suspicion of some bias and much exaggeration.

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of economic necessity, and a gospel of social solidarity summed up in terms of the nation. They clinched their claims to national consideration by running trains, and acting in some communes as a government in the second strike in 1922.

Once in the saddle, however, Fascism has utilized the syndicalist idea to strengthen its hold upon power. Even after the dramatic march on Rome that followed, it did not attempt to destroy unionism entirely, as the more misguided elements of English and American reaction have done. It followed the advice which M. Duguit had been offering all governments, and transformed revolutionary syndicalism into Fascist syndicalism. At Ferrara, in October, 1921, one year after the breakdown of revolutionary syndicalism in Italy through the attempt to follow the vague counsels of M. Sorel's Myth of the General Strike instead of the political action of a shrewder Bolshevism, syndicalism as a trade-union movement had already turned definitely away from circuses to a clamor for bread. *La Confederazione Nazionale delle Corporazione Sindac*[illegible] formed in Bologna the following January, parallels in a[illegible] interesting way the break of the main wing of the [illegible]ich C. G. T. with the Moscow International. The Nati[illegible]al Confederation of the Syndical Corporations in Italy was controlled by the bourgeoisie who had found in Fascism their lost unity of front against the proletariat; but by the end of 1923 it had brought to its membership of over 2,000,000 not only about the entire membership of the "white" syndicates, but most of the beaten "reds" as well. A special convention called in Milan in August of that year renounced all socialistic connections, bent the knee to Mussolini, and accepted a program of national as opposed to class solidarity. Functionalism and solidarism (the program of Fascism) were thus translated, as Mr. James Murphy has shown, into a program of guild organization, deriving its inspiration from the old roman *collegia* (or control of all labor by the skilled "colleges"), and attempting to rescue from "the twilight of the Renaissance" the true guild spirit. Now, the Fascist trade unions are the only ones recognized by the new law imposing compulsory arbitration. At first they threatened to become a new democratic menace, as

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every official and every laborer must be a Fascist in the state bureaucracy, and as the Socialists tried to capture the other syndicates by swamping them. Now, however, they are "purified" by vesting control only in tried Fascists, and by "supervising" their elections and their funds.[1]

It is not of course the medievalism of the guilds that has in fact been reconstructed, in spite of the efforts so to interpret it that are made by Fascist apologists. The entire structure is built about nationalism like a solid structure of reinforced concrete, with nothing of the Gothic except in ornamental architectural frippery. The essence of the guild spirit was decentralized localism, just as the inspiration of the Gothic was a many-spired marvel of detail.

By a decree of the government of February 6, 1924, under the practice of Fascism, all labor organizations had already been made subject to state supervision and control in a degree that goes far beyond any effort so far made by a modern state. The prefect had power not only to supervise the funds, but to order an inquiry into the activities of the association, "to overrule or set aside its acts, and in cases of a serious nature, to dissolve the administrative council".[2] But as that did not suffice, Fascism resorted to the same method that Communism attempted in Russia, of permitting representation of labor only by the disciplined élite. All unions recognized by law must be Fascist. Dues paid them are compulsory on members and non-members alike. Their officials must be acceptable to the prefect. In a word, Fascism has tightened its hold upon syndicalism, and has reduced labor in Italy to the organic rôle demanded by Fascist theory.

The National Corporations created by the Fascist Confede-

[1] Files of the New York *Times,* November and December, 1925. See also a partial summary of Fascism's system of labor control in the special articles of Mr. Wilbur Forrest, New York *Herald-Tribune,* Jan. 25-29, 1926. The text of the law is to be found in N. 624-A, *Documenti, Camera dei Deputati Legislatura* XXVII (1924-1925). An excellent summary of the new laws is to be found in the *Round Table,* March, 1926, "Fascist Reforms in Italy" and an able pro-Fascist exposition in *Il Carroccio* (New York, January, 1926) "The Fascist State" by James P. Roe.

[2] *Law and Labor,* August, 1924, p. 228.

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ration have as their function the "expression of national solidarity", and they exist "as a means of developing production".[1] They are taken, in theory, from the lyrical constitution given by d'Annunzio to the Free State of Fiume (under the Constitution of Carnaro) and embrace agriculture, industry, commerce, transport and communication, public and private employees, liberal professions and art—a mystic seven in number. Under the practice of Fascism they include, in fact, "all forms and systems of production and labor", with a view toward taking their control out of the hands of trade unionism or employers' associations, and putting them, finally, under the control of the state. Against the "struggle of classes" they set up "struggle of capabilities". The governing organs of the Corporations are in theory constituted by a *Corporative Council* of representatives, nominated by the various provincial trade unions (one for each); by a *Directorate*, composed "of as many representatives as there are types of trades, arts, or professions interested in the great branch of industry or labour represented by the Corporation"; and by a *Secretariat* (to be elected by the Directorate). The actual control is completely in the hands of Fascist leaders of these unions who need number (legally) only ten per cent of the workers residing in the district. The leaders may exclude workers at will. "Capability" is imposed upon all workers. They must function for national production. No corporate rights exist when that is at stake. The employers, too, are federated, and must accept compulsory arbitration.

In a generation harassed by the incessant industrial warfare between trade unionism and employers, this solution is being eyed with increasing favor. Employers need not fear compulsory arbitration under this system: the result is a foregone conclusion, if any threat of a diminution of production is involved. It is pragmatic in the extreme, for it proposes no

[1] Extracts from the original *Statutes of the Confederation of Corporations* available in Por, *op. cit.*, Appendix III. These, of course, are modified and applied by the new law noted above, and by the proposed law which will reform the Senate so as to give equal representation in it to employers and to the Labor Corporations.

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other tests than the palpable fruits of productivity. *Function, capability*, these are its watchwords—and its unit is the *Nation*, "an organism embracing an indefinite series of generations in which each individual is but a transient element," in the words of the Fascist program of December, 1921. It sums up the materialistic imperialism of the times by giving it a statement into which all the romantic elements of operatic revolution and patriotism are introduced. It speaks of "the battle of coal" and "the battle of wheat". But once it has caught its hare, it proceeds to skin him. Italian labor was so heartily sick of the "massimalists" (syndicalistic revolutionists and communists) who had nothing more creative than a general strike to offer, that it readily accepted the guild idea on which the Corporations were supposed to be founded. During 1925 some of the old unions organized "protest strikes" against Fascist control up to 80 per cent effective. But they dare do no more than protest. Non-Fascist associations now are outlaws, at the mercy of the prefect. From now on the struggle will be between the forces within Fascism which propose to give this guild system a fair trial, and those who are only interested in the suppression of the proletariat. The weight of the great bankers like Volpi is on the latter side, but the recent supplanting of Farinacci by the ex-socialist, Turati, as Secretary of the Fascist Party, may mean a triumph for the guild principle. Turati is credited with having sponsored the Fascist labor strikes last year which forced the metallurgical employers to act as a unit in dealing with the corporations.[1]

Mussolini, from his socialistic origins, might be expected to be sympathetic to the former element of Fascism, for that gives it a *point d'appui* with labor, in agriculture as well as industry. But the inspiration of the guild system is not nationalism. It is an altogether different community of feeling, interest and purpose. And the inspiration of Mussolini's Fascism *is* nationalism, and nothing else. Nationalism really made head only when the guild organization of industry of the middle ages

[1] See the New York *Times*, April 1, 1926.

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was thoroughly weakened.[1] It had, indeed, no small part in breaking down the guild system of control that feudalism and the régime of mediate and immediate liege cities had fostered under the Holy Roman Empire. Causality, here as elsewhere, is too complex a matter to be lightly ventured upon. But it is certain that the notion of an all-absorptive nationalism is antithetical to the pluralistic spirit of the guild system that must be preserved if the latter is to function as a really creative force.

Mussolini and his Fascism are committed to nationalism with the utmost finality. Therefore they must treat the Corporations as James I treated his non-conformist subjects, *i. e.*, "make them conform themselves or harry them out of the land, or else do worse"—conform in this case to the state religion of maximum production. If there seem to be other matters, such as the free right of association to protect hours of labor and standards of living, which are just as important in the eyes of the members of the Corporations—so much the worse for them. As long as Fascism is firm in its saddle, it will make few concessions of a radical nature. When it begins to make them, one may reckon that it has ceased to be Fascism and become something else—perhaps Guild Socialism.

But the Guild Socialist element in Fascism is apt to get very short shrift from the Nationalist ministers who are now directing the economic policies of Mussolini's régime. One by one the old Black-Shirt ministers have dropped out under the program of a struggle of capabilities. Their places have been taken by the "Blue-Shirt" Nationalists who were incorporated into Fascism after its successful march on Rome. These Nationalists, whose four great leaders are now part of Mussolini's real inner council—Volpi, Corradini, Federzoni and Rocco—are what would be known in France as the Royalist Right. They stand for the precise antithesis of Fascism's earlier program, for they are ultra-royalist, ultra-clerical, ultra-bourgeois in financial policies. They agree with Fascism's

[1] See J. A. Penty, *Guildsman's Interpretation of History;* Renard's *Guilds in the Middle Ages;* and Austin P. Evans, "The Problem of Control in Medieval Industry," POLITICAL SCIENCE QUARTERLY, vol. XXXV, pp. 603-616

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earlier phase only in finding force handy for repression, and in being equally militaristic and imperialistic. And they have conquered Fascism, through the banks, which are now represented by a seat for the group on the Fascist Grand Council.

At first these Nationalists, through Deputy Benni, who is also President of the Italian Confederation of Industries, forbade the extension of compulsory arbitration to employers in industry; then they accepted Mussolini's assurance of December 11 that, "The workman's syndicates are Fascist . . . they must do nothing to diminish the productive efficiency of the nation." Let Signor Alfredo Rocco, Minister of Justice, speak for them:

> . . . Briefly, the forces which I have referred to [the opposition to Fascism] and which are directed against the State, we would discipline and include in some way in the central authority we have established and under which this opposition must work.
>
> It is for this reason that I have refused to accord judicial representation to Fascist syndicates, so that in the end a state within a state cannot be set up which would dictate to the central authority, and it is for this reason that I fight the opposition press.[1]

But he has had to accept the legal status of the Fascist syndicates. So far as the control of the guild spirit is concerned, the Nationalists feel that they have little to fear from a Fascism which controls every expression of opinion, and asks in return only *panem ac circenses*. They may be deceived in the event.

In the orientation of foreign policy, too, there can be no doubt about the necesity of nationalism to Fascism. Mussolini has declared his disbelief in the League of Nations by word and deed. Let Corfu be witness. Fascism represents the last stand of the theory of the absolute sovereignty of the nation-state. More than that, it represents a revival of Machiavelli in all his saturnine views on human, and especially Italian, nature. S. E., Benito Mussolini has recently submitted an appreciative

[1] Quoted from an interview given by Sig. Rocco while in Paris at a meeting of the Commission for Intellectual Cooperation, commenting upon Mussolini's declaration that the Aventine Opposition would never be permitted to sit again until they had sworn loyalty to Fascism. *New York Times,* Jan. 19, 1926, p. 4.

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dissertation upon Machiavelli for the degree of Doctor of Laws.[1] "*Il Duce*," as he is called by Fascists, has set himself to the modern application of *Il Principe*, a pragmatic application of that essentially pragmatic document. Needless to say, he was enthusiastically awarded the degree. Like Machiavelli,[2] he holds no moral values above a united and Imperial Italy: "My ideas are clear," asserts *il Duce*, "my orders are precise. As in the well ordered and powerful days of the first Empire, Rome must again become the marvel of the world."[3] Like Machiavelli, he believes that it is necessary to expand in order to survive.

To this end, Fascism yokes the methods of the Ku Klux Klan to the service of national production. It can not see behind political obedience any farther than the "fact" of the fear of the weaker for the stronger, and that is an old trail, well enough worn by travelers upon it as far back as Thrasymachus in Plato's *Republic*. The end of it leads to a thoroughly Machiavellian *Politik*, spelled in any language you choose—a conclusion which Benito Mussolini has most heartily accepted so far as Italy is concerned. The youth of Italy, now regimented by Gentili's Fascist education, is singing "*Italia sopra tutto*" with as much lustihood as ever Prussian youth did when it goose-stepped to "*Deutschland über alles*."[4] And Mussolini keeps Fascist Italy scanning the horizon for new worlds to conquer.[5]

[1] *Living Age*, June 28, 1924, p. 1245, quoting from the *Avanti* (Milan), May 11, 1924. The *Avanti* is now practically ruined by Fascist suppression. All the great papers of Italy have been tamed or forced into the hands of Fascists by the simple expedient of putting it into the power of the prefect to hold up any issue he pleases, or as many issues as he pleases, and by various devices in the new law governing the press. The *Corriere della Sera*, property of the Albertini brothers, and the best of the Italian papers, was so forced into Fascist hands.

[2] See an interesting article, "Lenin and Mussolini", by H. J. Laski, *Foreign Affairs*, Sept., 1923.

[3] Quoted by Wilbur Forrest, New York *Herald-Tribune*, January 26, 1926.

[4] "Le Présent et l'Avenir du Fascisme", anonymous, *Le Correspondant*, Dec. 25, showing the incorporation of the youth of Italy in the *avvanguardia giovanili e balilla*.

[5] See his speech in Tripoli, April 11 (N. Y. *Times*, April 12, 1916).

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Revolution and reaction, a cycle often enough remarked; in our time the moral is pointed by syndicalism that prepares the way for Fascism. Out of the refusal or the inability to order society by taking counsel together comes the repudiation of the slower methods of constitutionalism in favor of direct action. There are times, no doubt, when Jefferson's sometime favoritism for revolution by the violent methods of mobs—*piazza*, the Italians call it—may be necessary. But among a culturally and nationally homogeneous population it seems fairly safe to say that permanent results are not won in this fashion. The dead weight of an unconvinced majority is too heavy a drag to permit progress. Conviction won by force is more than apt to be lost in the same way.

The pragmatic desire for progress that is impatient with representative government in any form, that demands facts, not theories, and action, not programs, is quite as lop-sided a view of politics as its intellectualistic antithesis. There is something almost Hegelian in its practical fulfilment, too; for it embraces the actual enthronement of a dictator in the same fashion which it so condemned in rationalistic idealism. It becomes "its own other", its antithesis through the synthesis of force. And now Fascism, like Revolutionary Communism in Russia, is in the hands of the *doctrinaires*. Gentili and the seventeen Solons associated with him are grinding out the new "organic state" philosophy, by imperial decree. Step by step they follow the progress of Leninism to the imposition of an economic dogma by an uncriticizable dictatorship. This time, however, the industrialists and financiers are well pleased, for it is Volpi's brand of capitalism that is enforced. Consequently there is as hearty a welcome for Fascist dictatorship as there was recently hysterical condemnation for Bolshevist dictatorship.[1]

Germany had no monopoly on the worship of force. The Hohenzollerns throve upon the same popular inability to act and think politically that Fascism lives upon. They, too, offered action and imaginative magnificence; they, too, placed their control of the state upon the basis that they made it func-

[1] See the writer's "The Case against Fascism", *The Forum*, April, 1926.

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tion with an organic smoothness which tolerated no social waste or lost motion. Word for word, the philosophy of social solidarity through organizing and safeguarding the public services that M. Duguit offers might have served the All-Highest of the German Empire quite as handily as it does Signor Mussolini. One need not quarrel with a people that prefers this organic solidarity as the basis of its law. It has certain compensations which are obvious enough, as well as certain dangers.

Liberalism still has a word to say, a protest though feeble. "The way to good government does not lie by any such short-cut as Fascism," it holds. "Direct action may cut the Gordian knot, but it forges chains that are even more galling to those who like to have at least a free effort to convince others of the justice of their own views. Representative government under a generally accepted constitution is on trial the world over. The necessity of more independent expert administration and advice is obvious. But to throw constitutional government and all idea of representation overboard the ship of our state will not rid us of Jonah, nor will it propitiate Leviathan for long. Such a Jonah must out; and in the meantime, it is apt to be the pilot we are most in need of whom we thus sacrifice to still the waves that, by the very nature of political seas, are bound to try timbers in any vessel of state."

Very edifying, no doubt, especially when spoken with the Asquithian accent. However it may quite well be that self-government cannot be imposed upon a people whom it does not fit—as the nineteenth century seems to have thought it could be. The test of that fitness is surely the success with which representative machinery is worked, and the morality practiced in observing and changing the constitutional forms.

In the case of Italy, though, as well as in the case of many other European countries, the fact seems not to have been so much the failure of all representative government as the failure of one type of parliamentary government—the breakdown of a coalition bloc system rendered doubly inevitable by an unworkable system of proportional representation. In any case, making due allowance for the political development and psychology of the Italian people, a modified presidential system seems to

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be much more nearly in line with their needs, although there is much to be said in favor of a parliamentary system like that of England, in view of the strength of the traditional attachment of the people to their monarch. If the present law governing the premiership (with Articles Six and Nine struck out) were actually adhered to, it might offer a very workable compromise for attaining what is practically presidential government in the future. Under it the premier holds office as the leader of the party with a parliamentary majority. He depends for his tenure of office, on the other hand, not upon a vote of confidence in the Chamber of Deputies but upon the confidence of the King. Of course the law has no application to the present state of affairs in which Mussolini frankly rules without the least pretence of observing any constitutional limitations that irk him. He still goes before his Parliament to harangue them and to be cheered by the Fascists, or to hurl panegyrics at the tamed Opposition—of which, naturally the Communists are suffered to be present. The Communists afford a never-failing source of comparison through a retrospect of four years, and an equally stimulating and unresisting object for Mussolini's unrestrained flagellation. They are, as it were, on display.

Under the proposed reform of the legislature, the Chamber of Deputies is to become representative of non-political groups, and the Senate is to made up of an unlimited number of senators appointed for life by the King from non-unionists, along with an equal number for the unions of labor and the unions of employers, appointed for terms of nine years, by the King on the recommendation of the unions. As this gives the most real political power to the unions, the Grand Council of Fascism has announced "the necessity of a central governmental organism, which on the basis of Fascist doctrine and experience, shall control, coordinate and harmonize the forms of activity of the great labor unions in order to bring about progress in the augmentation of the material and moral power of the nation."[1] This is obviously intended to prevent the democratic tendencies of the unions from getting out of hand.

[1] New York *Times*, April 1, 1926.

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Mussolini is not yet prepared to constitutionalize even the question of his successor. It is *lèse-majesté* in Italy to suggest that Mussolini is a sick man or even a man worn out by his superhuman labors, but it is apparently a fact. Apparently, too, he has contemplated as successor a triumvirate made up of Farinacci, the "terrorist" of Fascism; of Federzoni, a bigger man, but not so popular; and of General Badoglio, a very capable militarist.[1] That suggests the usual difficulties that beset the ultimate division of the mantle of dictatorship. In any case, it does not suggest that Mussolini has any tenderer feelings for democracy than he has shown so far, although he could easily constitutionalize his position if he chose to do so. He looks far enough ahead only to avoid the revival of criticism which this would mean. Now he rules like a Caesar. He does not propose to rest government upon consent, for that would be to repudiate Fascism. His face is still set toward that "hierarchy and discipline" that offer to his critics only the old "dilemma" he proposed for them in the beginning:

> I declare that my desire is to govern if possible with the consent of the majority; but, in order to obtain, to foster and to strengthen that consent, I will use all the force at my disposal. . . .
>
> For it may happen that force may bring about consent, and, if that fails, there is always force. With regard to all the requirements of government, even the most severe, we shall offer this dilemma: accept in the spirit of patriotism, or submit.
>
> This is my conception of the state and of the art of governing the nation.[2]

[1] Wilbur Forrest, *loc. cit.* On March 31, 1926, Farinacci resigned his post as Secretary-General of the Fascist Party. He was succeeded by Turati. But Farinacci is not politically dead. He is to have a cabinet post.

[2] "Speech to the Department of Finance," March 7, 1921 (Por, *op. cit.*, p. 148). Mussolini has promised to leave Parliament, as long as it is made up of loyal Fascists, to act as a cheering corps. "Representative government," he wrote in the dissertation on Machiavelli mentioned above, "belongs to the domain of mechanics, not of morals." And again, out of the fullness of his experience, "To speak of a sovereign people is to utter a tragic jest." The proper mechanics of representation is "deputed functional authority", which is a way of translating *La Gerarchia*, the official organ of Fascism. See Mrs. Townsend's note to Por, *op. cit.*, p. 175.

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Certainly he is right in thinking that governing, especially in Italy, is more an art than a science. But even in an art there are certain principles relating to the scheme of arrangement. It was Rousseau who put one of these most finally in the first book of *The Social Contract:* "The strongest is never strong enough to remain forever master unless he transforms force into law, and obedience into duty." The whole history of unconstitutional government bears him out, even though much of the scheme he devoted to eliciting a "general will" has passed into limbo, and the "general will" itself is under suspicion. But there is about "the consent of the governed" in real democracies an element of moral obligation that force can never compel.

To secure this element of moral obligation Fascism hopes, however, to use the technique of myths, advocated by Plato to keep the lower order of his Republic content with their lot, and by Mussolini's old revolutionary master, Georges Sorel, to stir them up. For pragmatism, a myth is true so long as it works. Mussolini offers himself as the new Caesar, to lead Italy once more to the day when Rome will become "the center of the world." If he once can capture the imagination of Italians and inflame them with his dream, he feels that he can govern with consent. In the meantime, "The second foundation stone of Fascismo is represented by anti-demagogism and pragmatism. We have no preconceived notions, no fixed ideas . . . "[1] and again, "Fascism seizes individuals by their necks and tells them: 'you must be what you are. If you are a bourgeois, you must remain such. You must be proud of your class!'"[2]

Let him be rendered his due. He has had the courage and the consistency to say flatly that he did not himself know what the word *normalization* means, even though it used to be the chief stock in trade of Fascist oratory—a frankness to be recommended to the apostles of "normalcy" elsewhere. "All

[1] *Mussolini as Revealed in his Political Speeches (Nov. 1914-Aug. 1923)*, by Barone B. Q. di San Severino, p. 114.

[2] *Ibid.*, p. 317.

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governments," he pronounces, "are for normalization, even those arising from the most violent of revolutions, if that means preserving the form of government which they represent."[1] He has to his credit a veritable slaughter of the bureaucracy, and a stout effort to balance Italy's budget through turning over all possible public services to private capital and through increasing taxation by the tariff,—even to a tax on salt—and other unremarked means.[2] Of course the cost of living has soared, but wages have kept fair pace. Over against his budget one may set the reign of terror kept up in some of the Italian provinces, of which the case of the rule of the Fascist "*ras*", Regazzi, over Molinella in the Province of Bologna is typical. For over a year after a warrant was out for the arrest on clearly substantiated charges of premeditated murder—to say nothing of pranks like that of leading his Black Shirts in a modernized version of the Sabine Women by assaulting peasant women and then blacking their faces with a mixture of soot and vitriol—for over a year this Fascist lieutenant, in high favor in Rome, could not be found, officially, by the police, although he dined and wined almost nightly in the company of the Chief Commissioner of Police in Bologna![3]

It was no doubt as much to control the lawlessness of these local *ducini*, and to curb their feudal independence of any control, that Federzoni, with the approval of *il Duce*, brought out the institution of the *podestà* from that period of Italian medievalism when the cities were beginning their long struggle to curb feudal anarchy. The *podestà* appointed by the central government now rules without any administrative interference from the representative council in every Italian commune of under 5000 in Italy. That means about four-fifths of the entire number.[4] And Rome has its "Governor" after the same model. Any municipality may have a *podestà* imposed upon it if for any

[1] *Manchester Guardian Weekly,* Oct. 24, 1924, p. 351.

[2] It is exceedingly difficult to get the truth about the budget. The slain Matteoti, in *One Year of Fascist Misrule* (London, Labor Press, 1924), produces some interesting figures.

[3] *Supra,* note 1.

[4] See the articles of Murphy, Forrest, and the *Round Table,* cited above.

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reason its council shall have been twice dissolved in two years. That of course is centralization with a vengeance. If it destroys all freedom of local government, the answer is that that freedom had never existed in fact since the dawn of syndicalist and later Fascist violence after the war. On the other hand, in spite of the obvious abuses of a rigidly centralized rule, it is better than the rule of local bullies. There are signs from such press information as is possible to get, that the authority of the *podestà* is not yet strongly enough established to rule the local Fascist bosses, but that it is well on its way in that direction with the support of the public, so far as the public dares do anything except remain passive. Unhappily the "old Fascists" seem to be claiming these *podestats* as the reward of the faithful in most instances.

In short the Fascist dictatorship in its recapitulation of the cycle of government in Latin countries has now reached the point of consolidation. There are many people who feel that Mussolini, having accomplished so much as he has already, may go on with the help of the Fascists to give Italy the same sort of government that Diaz and his *rurales* gave to Mexico—a government capable of satisfying the national pride of his country and a government that will not be ungrateful enough to bite the hand that has fed it. They point to the degree of confidence shown in it quite lately by some well known international financiers.[1] They urge that it is only under such a government that we can hope to have the Italians pay any substantial part of their debts. If the Italians are satisfied, they say, we ought to be.

The apologists of this realistic stamp go on to show that it is idle to expect the Italian people—even less than the Spanish under Primo de Rivera—to rise and demand parliamentarism again. For not only has Fascism brought a tolerable prosperity: it has restored to an opera-loving people all the fine flavor of medievalism, so far as spectacles and drama go:

[1] See the remarks of Mr. Thomas W. Lamont and of Mr. Otto H. Kahn in reply to the writer's speech before the Foreign Policy Association in New York, January 23, quoted in the New York *Times*, Jan. 24, 1926.

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Mussolini poses in the lion's den; Mussolini evokes "the grandeur that was Rome"; Mussolini metes out a little discipline. No one can deny the necessity of fitting government to the psychology of the governed. Why should other nations venture criticisms on the "domestic concerns" of Italy? Will anyone offer to rule Italy better—outside of the handful of deputies who made a great play of absenting themselves from Parliament as it is run by Mussolini?[1] Even English memory holds a Cromwell and may hold another soon.[2] After all, can anyone be sure of what Edith Cavell meant when she said "Patriotism is not enough"? To pragmatism, the only test of sufficiency is "prosperity"; the only demand on patriotism is that it must "work."

There are several difficulties with this sort of reasoning. Obviously Italy will have to work out her own destiny. But the destiny of a government in these days is affected by world opinions. And now Italy's destiny has become momentous for many countries where democratic and representative government had won a slender foothold, at least. In its imperialistic program and in its avowed disbelief in the settlement of international disputes through any possible machinery of international justice, Fascism has international implications. It represents a complete denial of the existence as well as of the availability of any principles of morality applicable to the conduct of states—except the law of the survival of the fittest.

Has Fascism received then, even the pragmatic sanction of working? For the moment, undoubtedly. By creating a myth of patriotism and embodying that myth in the figure of Mussolini, Fascism may succeed for a time in imposing what Plato would have called "a noble lie" upon Italy. But the actual operation of a dictatorship can be tested only when the Italian

[1] For Mussolini's declaration that the Aventine deputies should never return to Parliament without retracting, apologizing, and swearing allegiance to Fascism, and for the subsequent ejection of several of their number who returned for the ceremonies at the Queen Mother's funeral rites, see the *New York Times*, Jan. 18-January 20, 1926. They have returned—on his conditions.

[2] British Fascists are clamoring for a dictator to deal with the General Strike, as this goes to press.

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peasant and worker have had a little longer to gauge the real nature of "grandeur that was Rome." Even if the worker bears his load philosophically, the test of the dictatorship can hardly be said to have been made. It will come when Mussolini, a tragic and not a comic Pooh-Bah, has to lay down the burden of his ministries, of his imperialism, and of his dictatorship. The claim of the supporters of Fascism is that the "Party" will prove to be self-perpetuating in the same way that Bolshevism has done in Russia. Perhaps that may be possible, although the state of political development in the two countries is very different, and even Bolshevism has not held power long enough as yet for a test. Or the test will come earlier, when the imperative need of the imperial, the operatic gesture which Fascism demands, can not be met except by war.

Leaving out of account those liberties that some people still hold to be essential to the development of any real moral values in human life, a Fascism that denies the rights of national minorities even to their own tongue,[1] that talks in official organs of reclaiming all territories that were ever Italian, that provokes suspicion and the other forerunners of war, a Fascism that repudiates the World Court in favor of the old diplomacy of the balance of power, a Fascism that boasts of 3,000,000 effective soldiers in reserve, and a Fascism that strives to control all men of Italian descent abroad "even," as Mussolini says, "to the seventh generation", is following the old road down which Germany went to ruin. It may prove to be very *un*economical, *in the long run*.

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[1] Mussolini's characteristic "Brenner Pass" speech aimed at Germany, and his avowed efforts to form a Latin-Slav bloc, as well as the Italian delegate's abstention from expressing regret at Germany's failure to gain a Council seat at the recent special session of the League Assembly at Geneva, all point to Italy as a chronic danger-spot in modern Europe.

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THE SOCIAL THEORY OF FISCAL SCIENCE I

I. *Introduction*[1]

ECONOMISTS who have treated of public finance have long discussed three problems. The first concerns the real subject matter of the science—does it deal with the state or with the individuals who compose the state? Upon the answer hinge very different conclusions. The second is the relation of the state to the individual — does the state lead an economic life of its own, and in what sense does the individual participate in this life? The third is the fiscal principle involved—is it cost, benefit or ability?

As soon as we attempt to answer these questions we realize that more fundamental considerations are involved. Among them are at least three: the nature of social groups in general; the character of public wants and activities; and the meaning of the state in its fiscal relations.

The sociologists have made some contributions to the nature of social solidarity and the origins of human association. But they have done little toward elucidating any one of the following four problems: What are the various categories of group action? What are the specific differences between the various forms of social groups? What are the peculiar characteristics of the public group? What application of sociological theory can be made to economics or finance?

The economists have done still less in this field. And while a few fiscal writers have dealt with the three questions mentioned at the outset of this paper, it cannot be said that they have shed any real light on the subject, largely for the reason that they have not attempted sufficient spade work in the more underlying stratum.[2]

[1] This study is the outcome of a seminar carried on with three selected students—Mr. Jadoul, of Belgium, Dr. Bielschowsky, of Germany, and Mr. Love, of Texas. Their acute criticism has contributed not a little to the analysis here presented.

[2] Although virtually every economist from the time of Hermann has had

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The field is therefore virtually untilled. What is proposed in this investigation is to approach fiscal science from the sociological point of view or, putting it the other way around, to attempt a fiscal application of some sociological principles. What we shall endeavor to do, in other words, is to present, in outline at least, a social theory of fiscal science.[1]

something to say about human wants, almost none deals at all with the subject of this study. The only exceptions are the very inadequate discussions of Kleinwächter, "Kollektivbedürfnisse und Gruppenbildung" in *Zeitschrift für Volkswirthschaft, Socialpolitik und Verwaltung,* VII (1898), p. 168; F. Cühel, *Zur Lehre von den Bedürfnissen,* 1907; and Trevero, *Teoria dei bisogni,* 1900. A little more progress has been made by the German and Italian writers on public finance. Among the Germans are especially to be noted E. Sax, *Grundlegung der theoretischen Staatswirthschaft,* 1887; A. Wagner, *Finanzwissenschaft,* 3d ed., 1883; E. Mischler, "Ueber die Subjekte der Finanzwirthschaft", *Finanz-Archiv,* V (1887), p. 713; E. Lindahl, *Die Gerechtigkeit der Besteuerung,* Lund, 1919. A more recent study is H. Ritschl, *Theorie der Staatswirthschaft und Besteuerung,* Bonn, 1925, which, although suggestive, does not really clear up the difficulties.

Among the Italian works there are to be signalized in the earlier period: de Viti de Marco, *Il carattere teorico dell'economia finanziaria,* Rome, 1888; U. Mazzola, *I dati scientifici della finanza pubblica,* Roma, 1890; A. Zorli, *Teoria psicologica della finanza pubblica,* Bologna, 1890; and Conigliani, "Studi di teoria finanziaria" in *Saggi di economia e di scienza delle finanze,* Torino, 1903. More recent studies are R. A. Murray, *Le nozioni dello stato, dei bisogni pubblici e dell'attività finanziaria,* Rome, 1913; *Principii fondamentali di scienza pura delle finanze,* Firenze, 1914; and "La scienza delle finanze, il diritto finanziario e la nozione di stato", *Giornale degli economisti,* LI (1915), p. 27; Lolini, "La nozione di stato e lo studio scientifico dell' attività finanziaria", *Rivista di diritto pubblico,* X (1918), p. 138; and "La nozione dei cosi detti bisogni pubblici", *Giornale degli economisti,* LIX (1919), p. 138.

[1] What is here attempted must not be confounded with what is called fiscal sociology (*Finanz-soziologie*) by Rudolf Goldscheid in Gerloff and Meisel, *Handbuch der Finanzwissenschaft,* 1925, pp. 146 *et seq.* His "fiscal sociology" is based on two positions, of which one, so far as it is sound, is not new; and the other, although new, is not true.

The first is the idea that because all taxes were originally imposed in time of war, public finance is not a peace science but a war science. While wellnigh every writer has stressed the fact that most taxes originated as extraordinary methods to finance war expenditures, no one hitherto has thought thereby to show anything except that the condition of war has been the rule, not the exception. This historical fact, however, does not conflict with the obvious consideration that in modern times war is the exception and peace the rule; that the expenditures, both of war and of preparation for war, are relatively diminishing from year to year; and that, in the rapidly growing field of

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In any attempt to approach finance from the social point of view, it is necessary to explain fiscal relations in more fundamental terms. We must begin, in other words, by analyzing the nature of common wants.

II. *The Nature of Common Wants*

All life starts with the individual and his wants. The paramount wants of the individual are his separate, personal, bodily wants, i. e., those wants experienced by him as a separate, personal being. The primary and original wants are those for air, drink and food, and with their satisfaction originates the distinction between free and economic goods. Under ordinary circumstances the supply of air is unlimited; and under certain conditions the same is true of water and food. The individual then lives surrounded by free goods.

When, however, nature is more niggardly, some effort is needed to satisfy the wants. As soon as the acquisition of the food involves an effort, i. e., costs something, there arises in the individual a recognition of the need of some plan or purposive action designed to bring efforts into relation with satisfactions. In other words he will "economize" his activity in accordance with the desire to secure the maximum returns with the least effort. The free goods become economic goods, and the economic life of the individual arises.

There is as yet no need of uniting with other individuals, except indeed for the satisfaction of the sexual want. There is consequently no society. Even though the supply of food now

local finance, they play no rôle at all. To call finance a war science is perhaps to be explained in the light of the present predicament in Germany. But as a general explanation it is illegitimate.

The other position is still less tenable. It consists in the novel idea of the "expropriation of the state". In former times the state really amounted to something because it was rich, in that it possessed a great public domain, owned much property and carried on not a little business enterprise. Nowadays the state is poor and must be supported by others. The state today is affected by "economic impotence" and is therefore politically weak.

This remarkable idea of "state poverty" is essentially mediaeval and can, of course, find no lodgment in a modern democratic conception of political life. If this is what is meant by fiscal sociology, the less we mix sociology with fiscal science, the better for both.

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requires some effort and forethought for its acquisition, the isolated individual can still conceivably satisfy his wants by his own unaided action. If he catches his own fish, kills his own game, or brews his own drink, he is thereby satisfying his separate and personal bodily wants; he is leading an isolated economic life. Whether as a matter of fact human beings ever led such a life or whether, on the contrary, commingling with others does not date back to the pre-human period, can, of course, not be ascertained. But conceptually, at least, isolated action is possible.

The disappearance of free goods thus creates economic activity, but is not yet responsible for association. Isolated economic action can exist without social phenomena of any kind.

As soon, however, as there is a substantial growth in the proportion of economic to free goods and in the intensity of the effort required to secure these satisfactions, the unaided activity of the individual becomes less and less adequate. He now experiences the need of help. Whether the origin of society is to be sought in terms of economics or of ecology is a disputed point; but it seems probable at least that the conditions involved in satisfying the want for food or, what is at the outset more likely, in providing protection during the acquisition or the possession of the food, played a significant, if not a preponderant, rôle in the formation of the primitive groups.[1]

[1] What in human life we call society or social phenomena may, of course, also be found outside of man. There exist not only single units but the combination of single units known as an assemblage, collection, agglomeration, aggregation, collocation, association, or group. In the inanimate world this assemblage of units does not connote anything social. We speak of a pile, mass, lump, store, hoard, sheaf, galaxy, or accumulation of inanimate objects. In the world of life outside of man the variety of nomenclature to describe this multiplication of units is endless. We speak of a cluster of plants, a bunch of vegetables, a clump of trees, a patch of grass, a bed of moss, and a forest of pines; of a school of porpoises, and a shoal of bass; of a swarm of bees, an army of insects, a covey of partridges, a flock of geese, a bevy of larks, a brood of chicks, a team of ducklings; of a colony of beavers, a troop of apes, a kennel of dogs, a herd of cattle, a drove of horses, a pack of hounds, a band of monkeys, and a village of prairie dogs. With the origin and nature of such groups we have here not to deal further than to express the opinion that in all probability they are intimately connected with the conditions of survival. Some form of group action seems to be, under present circumstances at

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At all events, separate or unaided action was now supplanted by assisted action in the satisfaction of individual wants.

The mere fact of association, however, does not preclude the continued existence of unaided actions on the part of the individual. The individual may need, e. g., the assistance of his fellows for protection against internal or external violence, but he may still catch his own fish or hunt his own game.

We revert, therefore, to the separate wants of the individual which are susceptible of being satisfied by his own unaided efforts. These unaided actions of the individual are of two kinds. The first kind may be called his isolated or independent actions, that is the actions of the individual as an isolated or independent person. These are irrespective of the fact whether he is a Robinson Crusoe or lives in society; and whether he is dealing with free or with economic goods. He must, for instance, breathe, and he will breathe whether or not he lives in society. He may be able to satisfy his craving for food by simply plucking the banana; and it will then make no difference to him whether he is alone or not. Even if he deals with economic goods, the situation may be the same. If the farmer raises and consumes his own potatoes, and if there is no question of markets involved, it makes no difference whether he has a neighbor who does the same. If he catches his own fish, it is immaterial whether others do likewise. The only difference is that if the stream is getting to be fished out, he will have to be more economical in the presence of other fishermen.

Many of his wants, however, are modified by the fact that he lives in society. He must, indeed, eat, but whether he eats with a knife and fork depends on what his neighbors do. He must clothe himself, but the character of his garments is largely conditioned by the habits of those about him. In this sense many of his actions are social or at least socialized, in that they are modified by the presence of his fellows. The socialized actions of the individual become in the progress of time more significant than his isolated actions.

least, a prerequisite of life. Whether this was always so is somewhat unclear. For our present purpose all that is necessary is to posit the existence of human society as a means of providing the necessary assistance for the satisfaction of human wants.

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It will be observed that both the isolated and the socialized actions are unaided actions. The socialized activities may be modified by the presence of others, but even the socialized wants are still purely separate and personal wants, and the efforts are still those of the single individual.

The individual who lives in society, however, also experiences wants which can be satisfied only with the aid of others. Such satisfaction cannot be secured by single action. Since the opposite of single is plural, we may accordingly speak of plural action or plural wants, i. e., the wants of the individual that can be satisfied only by more than the single individual. As soon as there are more than one, however, we have an assemblage or group. Gradually this primitive group develops: plural wants become social wants; plural action becomes social action, and society is born.[1]

What, however, has perhaps not been adequately emphasized by the writers on sociology is that the emergence of society depends at bottom, in all probability, upon the relation of free to economic goods and upon the growing difficulty of securing these economic goods. If the scene is laid in an environment where free goods predominate, society will be developed only to the extent to which more effort is needed to appropriate these economic goods. If, on the other hand, the conditions of life are from the very outset inhospitable, existence may be possible only through some form of cooperative effort from the beginning. The age-long controversy as to the nature of man accordingly seems to be needless. Whether man is, as the Greek writers tell us, by nature a social animal or whether, as other thinkers have said, he only slowly becomes a social

[1] A good account of this transition has been given by my honored colleague, Professor Giddings, even if he has found it necessary to use perhaps overmuch technical language to explain what is at bottom a simple matter. Distinguishing between the "singularistic" and the "pluralistic" reactions of organisms to stimuli, he defines primitive "gregariousness" or commingling as the result of the "pluralistic instinctive reaction to a common stimulation". Gradually this "instinctive consorting" under the presence of "consciousness of kind" becomes a "consciously discriminating association" and there is born a "concerted volition" and a "collective action". *Cf.* Giddings, *The Scientific Study of Human Society*, 1924, p. 259.

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animal, depends primarily on his habitat. For our purposes, however, this genetic discussion is beside the mark. What concerns us here is an analysis of conditions as they exist at present.

Having thus reached the concept of society, or of the individual wants which need the assistance of others for their satisfaction, the next point is to ascertain the nature of this assistance.

The assistance in question can be given in a twofold manner, depending on the relation of the wants of the individual. The wants may be different or they may be identical. A may want fish and, instead of going fishing, he may endeavor to procure the fish from B. Unless he takes them by force he must give B something in return. B, however, will not give up the fish unless he wants something else which A has, a hen, let us say. The wants of each cannot be satisfied without some action on the part of the other; but, inasmuch as their wants are different, they can be satisfied by exchange. In other words, since the wants of A and B are satisfied by complementary action they may accordingly be termed reciprocal wants. Reciprocal wants are wants satisfied by the complementary action of at least two individuals.

The aid that is needed by the individual in satisfying his wants may, however, be given in another way. A, who wants an elephant steak, may be unable to kill the beast himself, and may also find it impossible to secure the food by way of exchange from B. In this case he will perhaps cooperate with C and D, who also desire elephant meat, and between them they will be able to satisfy their desires. Here the wants of the individuals concerned are not different, but identical; and they will be satisfied, not by exchange but by interchange or cooperation. Instead of complementary action, we now have joint or concerted action; instead of a reciprocal want, we now have a mutual or a common want. Mutual or common wants are wants which are felt by the individual in common with other individuals and can be satisfied only by simultaneous or synchronous association, i. e., by joint or concerted action.

We thus reach the conception of a group or social aggregate.

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The term group is in some respects unsatisfactory. By a group we really mean an assemblage of several individuals. Notwithstanding the presence of other persons, each single individual will nevertheless seek to satisfy his own wants and will continue at bottom to think primarily of himself. But he finds that he needs others to help him and he must, therefore, have dealings or intercourse with these others.

The individual, however, as we have just learned, will deal with others in various ways. The way in which he will deal with others depends on the character of the wants. If two individuals want different things, and each has what the other wants, the form of intercourse will be that of exchange, so that each will at the end of the transaction have what the other had at the beginning. But if they both want identical things, and if neither can secure them alone, they will join forces and at the end of the episode each will have something that neither had before. The purpose in both cases is purely selfish, but the means of accomplishing the purpose varies.

If "group" means an assemblage, that is more than one, we have groups in both cases. In the first case, the group is designed to satisfy the reciprocal wants of the individuals; in the other case, their common wants.

It so happens, however, that when we ordinarily speak of groups, we mean joint groups, rather than exchange groups. And it is these joint groups that we usually term social groups or associations, disregarding the fact that intercourse through exchange is also a form of social or associative action. If this were a treatise on sociology the above distinction would have to be carefully elaborated. Inasmuch, however, as this study is concerned with the joint groups rather than the exchange groups, we shall for purposes of simplicity conform to the ordinary, but inexact, nomenclature and speak of social groups and associations in the sense of joint, rather than exchange, groups.[1]

[1] The distinction between the exchange and the cooperative groups was first made by von Ihering although he uses neither the word "group" nor the terms "reciprocal" as against common. While his discussion is a profound one, it is almost entirely limited to the jural aspects of the subject. *Cf.* R. von

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All the wants thus far described are individual wants in the sense that they are experienced by the individual; but they vary according to the kind or degree of influence exerted upon the individual by his fellow men. In the separate wants this influence of his fellows is either nonexistent, as in the case of the wants of the isolated individual, or is exerted only to the extent of modifying the action of the individual, as in the case of the ordinary socialized wants, i. e., the wants of the individual living in society. But in both the reciprocal and the common wants the action of the individual is more than modified. In the reciprocal want, the action of the individual is supplemented by that of another individual, each of them seeking different ends. In the common want, the action of the individual is supplemented by that of another individual, both seeking the same end. The common or joint want is still individual, but it is no longer separate.

It is clear from the foregoing that the real distinction between a separate, a reciprocal and a common want is to be found not so much in the original psychical nature of the desire or in the peculiar characteristic of the need satisfied as in the way in which, or the medium through which, the desire can be satisfied. The same want, that is the need for a particular satisfaction, will change, i. e., will fall into a different category, according to the way in which the satisfaction is secured. Separate wants, reciprocal wants, common wants merge into each other or change back or forth, according to the circumstances.

A religiously minded individual generally joins the church, so that his religious want is a common want, to be satisfied only by the group. But if he goes into the wilderness, like many a Christian or Buddhist saint, his religious want becomes a separate want, without the necessity of any communion with other mortals. If an individual can kill his own game, his need for food is a separate want; if, as in some of the Australian groups, he can satisfy his hunger only by associating himself

Ihering, *Der Zweck im Recht,* I (1877), pp. 132-3 and 213-215. *Cf.* the (very inadequate) American translation by Husek, *Law as a Means to an End,* Boston, 1913, pp. 94, 157-110, 224-226.

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with a hunting or fishing pack, his want for food becomes a common want. If he can buy the food from somebody else, the want becomes a reciprocal want. Thus his want for the same thing may be personal to-day; reciprocal to-morrow; the day after, common. While it is true that in the fullness of time many separate wants become common wants, it also happens not infrequently that common wants change into separate wants.

It might be claimed that it is illicit to make a distinction between phenomena in terms of other phenomena. A want is something psychologically definite; how can we classify wants in terms of means of satisfaction, if the wants themselves remain unaltered? It is legitimate, so it might be said, to classify means of satisfaction: but it is not permissible to use this as a criterion of the wants themselves.

As a matter of fact, however, the wants do not remain the same. The sociologists, although devoting little attention to the other phases of the subject, have made it clear that from the psychological point of view the sensation itself changes. For instance, Giddings, in the passage quoted above, points out that the primitive "action" of the individual when affected by the societal development becomes "acting", and shows how the original instincts and emotions are "reconditioned" by the facts of social coexistence.

It is clear, then, that the psychological character of the want itself changes according to the conditions of its satisfaction. Even so fundamental a want as that for food is subtly influenced by the fact of association with others, the way in which the want is felt being inevitably affected by these new circumstances. Just as we now know that a certain nervous stimulation may render a bayonet stab painless,[1] so the reactions which come from association may alter the sensation that we call the want. To classify wants, therefore, in terms of satisfactions is entirely legitimate.

This relation of wants as analyzed above may be illustrated by the following table:

[1] *Cf.* G. W. Crile, *A Physical Interpretation of Shock, Exhaustion and Restoration* (1921).

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How satisfied	Nature	Relation	Designation	Means of Satisfaction	Action
Unaided	Single	Unrelated	Separate	Personal	Isolated or independent
					Socialized or modified
Aided	Plural	Different	Reciprocal	Exchange	Complementary
		Identical	Common or Mutual	Cooperation or Association	Joint or Concerted

III. *The Individual and the Group*

The conception having thus been reached of the common wants of the individual, the next points of importance for our purpose are the nature of the group activity which satisfies these common wants and the relation between the individual and the want-satisfying group.

The first question is: What is this group that is responsible for the satisfaction of common wants? A group is certainly an assemblage of individuals. But is it more than that? Let us see.

If A goes trout fishing and is joined by B and C, each of them intent on repairing to his own pool, the group is simply an assemblage of single individuals, and their united wants are merely a union of their separate and independent wants. This union of wants differs from the want of each constituent member of the group only in magnitude. It is true that A will probably have been affected by the knowledge that he may meet B and C, to the extent that he will wear a more or less conventional fishing coat and carry a more or less conventional fishing basket, for he would probably not relish being regarded by the others as a freak. But substantially he will follow his own ideas of fishing. In other words, the group is a summation of the individuals comprising the group.

On the other hand, if A goes salmon fishing where he needs the help of both B and C, or goes whale fishing where he needs the help of a considerable number of others, the situation

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is quite different. Instead of a separate, independent want, felt by each for trout, we now have a common want felt by all for a salmon or a whale. In the first case, we deal with similar wants of each: each one wants several trout, and a number of similar fish are needed in order to satisfy the wants of the individuals. In the second case, however, all the members of the group want the identically same whale, and the whale can be captured only by the joint efforts of all the members of the group. The action of each individual is now not only affected by the existence of the other members of the group, but overwhelmed by, or submerged into, the group action. The individual now acts, not independently, but in unison with the others. His personal feelings as a separate being are now controlled by his feelings as a group member. His whole psychology changes. What he might have done as a separate individual, he now leaves undone. What he now does as a group member is something different from what he would have done if there were no group. The mob psychology is different from the psychology of the individual separated from the mob. The football enthusiast in the crowd following the "cheer leader" acts differently from the same individual watching the game alone and remote from the field. The motive of the fisherman's action is still selfish, but something else has come in to modify that selfishness, for the simple reason that something else is necessary to realize the selfish end. That something else which connotes team action is to that extent unselfish; that is, he must think of others as well as of himself. Thus selfishness is responsible for the beginnings of unselfishness.

In other words, while the group is still composed of individuals, as before, each individual as a group member is now different from before. The individuals still create the group, but each one now gets back from the group something which did not previously exist and which makes him as a group member something different from what he was as a simple individual. The individual is now, so to speak, a product of the group, instead of the group being a product of the individual. As an individual he is now experiencing group feelings, instead of merely separate feelings.

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In this sense, then, something new has come into existence. We have not only a mere summation of individuals, but something over and above that, and different from that. It is true that the group is only a fictitious personality. The group as such does not eat or drink, has no soul or body. But none the less it exists and we can properly speak of group action and even of group feelings. One golf club may be pitted against another rival team; the church—whether Catholic or Anglican or Mormon—may be honored or attacked; the business corporation has an income and a budget; the state may pursue a definite diplomatic policy. In all these cases we can speak of the wants and the satisfactions, the aims and the accomplishments of the group.

It is true that the group cannot exist apart from the members that compose the group. But the individuals as group members are different from the individuals as single persons. To deny the separate existence of the group is thus mere logomachy. The group is indeed not something different from the group members, but it is something different from the individuals conceived as separate single persons. The single person is selfish; in the group members selfishness begins to be modified by unselfishness. In other words, as soon as the separate single persons form themselves into a group, satisfying common wants, the separate wants of the individuals are submerged. But if the personal feelings of the individual are now overwhelmed by, or transmuted into, the very different psychology of the group member, it makes little difference whether we speak of the existence of the group as such, or of the existence of the group feelings in the individuals as distinct from their separate feelings. The important point is that the group-member feels and acts differently from the non-group, or single, individual. This is tantamount to saying that the group exists as something distinct from the individuals considered as isolated persons. We have, in other words, not simply a summation of single individuals, but a conversion of single individuals into group members, i. e., something over and above a summation.

It is, however, not proper to exaggerate this difference and

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to regard the group as something different from the group members. Above all it is illicit to speak of this group—whether a social club, a business corporation, the whole of society or the state—as an organism, and still less as a super-organism. The organism theories of the social groups at one time occupied the chief place in social doctrines.[1] Comte, who first used the term "social" or "collective organism", conceived of society as a structural and functional unity with interrelated parts and mutual reactions. The idea, if not the term, is found a generation earlier in the German "romantic" school of political economy, and especially in Adam Müller. Herbert Spencer is responsible for the more developed biological analogy of society as an organism, with institutions like the parts of an animal organism, functionally coordinated and interdependent. While he devoted more attention to the correlation between social institutions and the mutual qualities of the individual, in the main he regarded the properties of a social aggregate as determined by the qualities of its members, as the form of a pile of cannon balls is determined by the shapes and sizes of the balls themselves. Lewes first utilized psychology in his attempt to explain the "general mind".[2] In the meantime Lazarus and Steinthal based their new science of folk-psychology upon the concept of the "folk-mind" (*Volksgeist*).[3] A little later Lilienfeld[4] and Schäffle[5] in Germany and Worms[6] in France worked out the biological theory of society as an organism with its separate cells and tissues; and MacKenzie[7] endeavored to correlate both the biological and the psychic con-

[1] For admirable accounts of the literary history of this subject see the studies by two of my former students: M. M. Davis, *Psychological Interpretations of Society,* and F. W. Coker, *Organismic Theories of the State,* in *Columbia Studies in History, Economics and Public Law,* vol. 33 (1909) and vol. 38 (1910).

[2] G. H. Lewes, *Problems of Life and Mind.* Third Series.

[3] *Zeitung für Völkerpsychologie und Sprachwissenschaft,* 1860.

[4] P. V. Lilienfeld, *Gedanken über die Sozialwissenschaft der Zukunft,* 5 vols., 1873-1881. The first volume is entitled *Human Society as a Real Organism.*

[5] Schäffle, *Bau und Leben des sozialen Körpers,* 4 vols., 1875-78.

[6] R. Worms, *Organisme et société,* 1896.

[7] MacKenzie, *Introduction to Social Philosophy,* 1890.

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ceptions of the social "organism". Modern writers have developed the idea still further.[1] Perhaps the most extreme expression of this idea is found in the familiar passage of Maitland: "Our fellowship is no fiction, no symbol, no piece of the state's machinery, but a living organism and a real person, with body and members and will of its own."[2]

What sociology has attempted to do with the concept of the social mind, political science has done with the state. This has been chiefly the product of German thinkers. The metaphysical concept of the state-organism was originated by Fichte, Hegel, and Schelling,[3] the harmonic-organism theory was developed by Krause and Ahrens,[4] the ethical-organism theory was explained by Schmitthenner and Waitz.[5] Stahl conceived of the state as a "political person" and Stein as a "self-determined personality".[6] Lassen insisted on the state as a "real personality with will, intelligence and capacity to select the means appropriate to the end." Finally, Gierke developed the super-organism concept by explaining the state as the "supreme unity of essence".[7] In Anglo-Saxon literature the two chief representatives of this idea are perhaps McKechnie and Mulford.[8]

[1] A good collection of the German views will be found in *Sociologische Lesestücke,* edited by Oppenheimer and Saloman, II. Band, *Begriff der Gesellschaft in der deutschen Sozialphilosophie,* Karlsruhe, 1926.

[2] This has been often quoted; most recently by Laski, *Studies in the Problem of Sovereignty,* 1917, p. 4.

[3] Fichte, *Grundlage des Naturrechts,* 1796, maintains that "humanity is a single, organized and organizing whole of the reason", united in the idea of the state (*Die Menschheit ist ein einziges, organisiertes und organisierendes Ganzes der Vernunft*); *cf.* Hegel, *Grundlinien der Philosophie des Rechts,* 1820; Schelling, *Ueber das Studium der Histoire und der Jurisprudenz.* In his *Ideen zu einer Philosophie der Natur,* Schelling strenuously opposes the organic to the mechanistic explanation.

[4] Krause, *Abriss des Systems der Philosophie des Rechts,* 1828; H. Ahrens, *Organische Staatslehre,* 1850.

[5] F. J. Schmitthenner, *Zwölf Bücher vom Staate,* 1839; Waitz, *Grundzüge der Politik,* 1862.

[6] F. J. Stahl, *Rechts und Staatslehre,* 2 vol., 1830-33; L. von Stein, *Die Verwaltungslehre,* 8 vols., 1864.

[7] O. Gierke, *Die Grundbegriffe des Staatsrechts,* 1874.

[8] W. T. McKechnie, *The State and the Individual,* 1896; and E. Mulford, *The Nation,* 1870.

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All these "organism" theories are clearly ideological. The group—whether a subordinate social group, the whole of society, or the state—indeed leads a distinct existence, but it is after all only a union of the members of the group. The aim of the group may indeed be different from what would have been the aims of the single individuals before they joined the group; but as soon as they become members of the group, the aims and activities of the group are those of the group members.[1] There is nothing superior or super-organic about the group. The group is distinct only in the sense indicated above; it is not, and cannot be, an organism apart from, or superior to, the members that compose the group. The group is always dependent on, and resolvable into, the members that constitute the group. There is no such thing as an organism or a super-organism.

But while there is no "organism", the individual, as we have seen, has been modified. His original separateness has disappeared; his pristine selfishness has been tempered. In other words, an important consequence which flows from the constitution of the group, is the emergence of the idea of obligation. All individual morality as we now know is the outgrowth of social considerations. As soon as a group is formed, the concept of moral obligation arises.[2] In a gang of thieves, only the most abject and despicable of human beings will "peach" on his "pal". However brutal the gang member, there is something in the very nature of the association which inhibits him from betraying his comrade. The member of the social club considers it not only a duty, but a privilege, to pay his dues. The husband or the father will make sacrifices in order to maintain his family. The enthusiastic sectarian will impoverish him-

[1] This is the mistake of the Italian Murray when he contends in his diffuse volume, *Le nozioni dello stato* etc., 1913, p. 463, that "the will and activities of the public groups are entirely different from those of the component individuals, regarded either collectively, or separately". (*La volontà e attività degli enti pubblici sono tutt'altra cosa delle volontà e attività degli individui che li compongono, sia considerando tali individui indivisibilmente nel loro complesso, sia considerandoli separatamente.*)

[2] For a fuller development of this idea *cf.* Seligman, *The Economic Interpretation of History*, 2nd ed., 1907, pt. ii, chap. iii.

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self to support his church. But whether the individual goes to such lengths or not, he will always feel the obligation to do his share with the other members in upholding the group organization. Moreover, this moral obligation entails penalties for infringement. If he fails in this obligation he will be dropped from membership in the group. If the stockholder does not pay the assessment, he forfeits the share. And by support is not meant only material support. The member of the glee club by the very fact of membership pledges his cooperation in the music; the member of the church *ipso facto* acknowledges his adherence to its tenets and its observances. In short, the fact of group membership creates the spirit of loyalty—a loyalty so strong as sometimes even to overpower the naturally selfish or personal considerations.

Thus the creation of a group is responsible for many subtle changes. It engenders a sense of obligation; it subordinates the feeling of self to that of companionship; it creates the idea of loyalty; in short it socializes and in this sense moralizes the individual. Through the satisfaction of the common wants something new is born which is more than a mere collocation or assemblage of separate units and which in this sense, while indeed not an organism, is yet a distinct entity.

We see, then, how inadequate are the explanations which refuse to recognize this metamorphosis, and which consider the group as merely the summation of the individuals. Thus Sumner says: "as an abstraction, the state to me is only all of us."[1] Pareto in much the same way says: "Even the state is an abstraction, for in reality there exist only men who are governed."[2] And Lippmann reacts so strongly against the "organism" theory that he overemphasizes "the deep pluralism" of the state and of society. "Society", he tells us, "is not the name of a thing, but the name of all the adjustments between individuals in their things: it is the individual who thinks, not the collective mind; it is the painter who paints, not the artis-

[1] Sumner, *What Social Classes Owe to Each Other.*

[2] "L'état est déjà une abstraction; car en réalité il n'existe que des hommes qui sont gouvernés." V. Pareto, *Cours d'économie politique,* II, (1897), p. 55.

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tic spirit of the age; it is the soldiers who fight and are killed, not the nation."[1]

All this is true, but it is beside the mark. It is the individual indeed who thinks; but the question is whether he now thinks just as he previously thought. It is the soldier who fights; but does he fight differently as a member of the army? Lippmann himself virtually concedes the case when he says elsewhere: "Though men do not want the same things, though their private interests do not merge easily in any common interest, yet men cannot live by themselves, nor realize even their private purposes without taking into account the behavior of other people."[2] What Lippmann does not realize is that as soon as they take this behavior of others into account, their own behavior changes. The mechanism by which they express this change is what we call the group. The group in other words is the embodiment of the differences in the behavior of individuals as group members from their behavior as isolated persons.

Thus the group is neither an organism nor a phantom. It is an entity which, although composed of individuals, is not only abstractly but concretely distinct from the individuals concerned as non-group members. In short, although the group is created by individuals it, in part at least, re-creates the individual. It is the expression of the way in which separate wants are transmuted into common wants; it is the realization of the method by which the satisfactions of the individual become possible only through, and in unison with, the satisfactions of other individuals; it is the embodiment of the process by which the ever present and ineradicable self-interest of human beings is slowly permeated by the broader feeling which in the finest individuals grows into loyalty and unselfishness.

IV. *The Categories of Group Action*

The origin of the social group is, as we have seen, to be found in the selfish desire to satisfy individual wants. When we speak of group action it is immaterial whether we think of the

[1] Walter Lippmann, *The Phantom Public* (1925), p. 172. [2] *Ibid.*, p. 98.

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group as a unit acting independently or as an assemblage of group members acting in unison. The activity of the group is the activity of its members. The existence of the group consists of the adjustment of the mutual relations of the members. To the extent that the members act in unison with their fellows, we find group activities in satisfying common wants.

There are, however, almost always conditions under which group activities, and therefore the relations of group members, may be considered from a different point of view.

In the first place, the group may be contemplated in relation not to its own members, but to the outside world. When a business corporation, e. g., sells its products in the market, attention is no longer at that moment centred in the shareholders. It is not the shareholders who are in question, but the corporation which is securing a revenue. The group now acts as a single individual would do, and it is for that reason that the law speaks of the corporation as a person, even though an artificial person. In the same way, if a country club gets its vegetables from its own garden, or its supply of fuel from its own wood lot, the club as such has relations with external nature and secures a revenue from its own domain. If it produces more than it needs, it will probably sell the surplus to some other club or individual; just as, if it has too little, it will buy the necessary supply. Similarly, when a religious sect builds a church, it is the group as a whole that undergoes the expense and through its accredited agents enters into relations with the architect.

In such cases the group acts as a single individual would act. The group as such displays economic activities. Acting as a unit, it has exchange relations of buying and selling with other units, whether single individuals or groups. The group members are no longer acting in unison with each other to satisfy their wants; but the group as a unit is satisfying its reciprocal wants as compared with those of other economic units, whether individuals or groups. Yet the object of this reciprocal action of groups acting as economic units is to satisfy the common wants of the individual members of each group. Regarded from the point of view of external action, it is therefore proper

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to speak of the activity of the group as that of a unit or of a single person—an activity carried on independently of, or synchronously with, the activity of the group, in the sense of the interrelated action of the group members. In other words, the external activities of the group as a unit may be contrasted with the internal activities of the group as composed of group members.

Inasmuch as the group is here acting as a single person, we can properly speak of the quasi-single activities of the group, in contrast with the group activities proper, which deal with plural and common wants.

In the second place, even in the internal activities of the group, that is, in the relation of the group to the group members, there is room for still another kind of group activities. In order to explain this, however, we must distinguish between the primary and the secondary objects of group action and must consider the significance of the element of personal advantage or benefit in group association.

It is clear that the primary aim of group formation is to satisfy the common wants of the individual. The individual experiences a need, the satisfaction of which will afford him a pleasure or advantage. If this need can be satisfied only by associating himself with others, the pleasure or advantage or benefit will now redound to him through the existence of the group. And if he is free to choose, he will not join the group unless he thinks that he will derive such an advantage. If there are any disadvantages connected with membership, as for instance the payment of dues, he will not join unless he thinks that there will be a balance or surplus of benefits over disadvantages, of pleasures over pains, of assets over liabilities. If the club dues are $100, he may join; if they are $500, he may decide that the game is not worth the candle. In other words, there must be, as in all economic actions, a consumers' surplus. Without such a surplus there will be no inducement to action.

The individual, however, joins the group for purposes of solidarity: he desires to play tennis, or to sing, or to spend a pleasant evening. For this he needs the presence of his fellow members. Although he may roughly evaluate the benefits of

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this for himself, he has no way of separating the advantages that accrue to him from the similar advantages that accrue to his fellow members. If there were no advantage to his fellow member, there would be none to him: he cannot play tennis, or sing a quartet, by himself. The advantage that any individual secures is therefore a reaction from, or a reflex of, the common advantage. The special or separate advantage of the individual disappears, or at all events, if it still exists, exists only as an incidental result of the primary object of the group. This primary object is common benefit, not special or separate benefit.

So far as concerns this subordination of special benefit to common benefit, several points require attention. In the first place it is scarcely necessary to discuss the theory of some writers, like the eighteenth-century French materialists or Schopenhauer, who reduce all so-called altruism to selfishness. It is, of course, true that a mother derives satisfaction from the sacrifices made for her children; the performance of a duty may be pleasant, as well as irksome. From the very nature of the case, voluntary action implies a choice, and choice connotes a balance of advantage—a surplus of pleasure in the highest sense over pain, whether physical or mental. The important point, however, is that the motive of the action in question cannot be called selfish. The altruism is primary, the selfishness is secondary.

In the next place, this subordination of private to common interests occurs in varying proportions in different groups and in different individuals in the same group. There are some groups which elicit only a moderate degree of loyalty; there are others which appeal to the finest sentiments. A member of a midday dining club where everyone pays for his meal finds his common satisfaction only in the fact that he is sure of a table and fairly certain of pleasant companions. On the other hand, a member of a philanthropic society experiences a glow of satisfaction from the very fact of participation in a movement which transcends all considerations of private advantage.

Even in groups of this kind, however, there are differences

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between individuals. Some will still attempt to measure the results of common action in terms of special benefit to themselves. If a group member makes an unusually large contribution to the common fund, he may do so because he hopes to gain a reputation for wealth or for generosity. Even in a religious gathering, like a camp meeting, some devotee may be attracted primarily by the fact that he will get "his money's worth" out of the emotional debauch. All such exceptions, however, are apt to be regarded with amusement or with suspicion. The average group member, even though he may still think of himself, cannot help thinking of his fellow member. This group sentiment engenders the existence of the feeling of common benefit and, in most cases, the primacy of this feeling over that of special or separate benefit.

It is for this reason that the group expenses are not defrayed in accordance with any relation to special benefits or advantages to individual members. In most clubs emphasis is accordingly put upon the idea of equality. Everyone likes to feel himself in the dignified position of equality with his fellow members. Consequently club dues are the same for all; within the club rich and poor alike are unknown. Even if the lonesome member thinks that he derives more enjoyment from the club membership than does his blasé fellow-member who belongs to half a dozen other associations, that constitutes no reason for any differentiation of dues. In the ordinary annual dues special benefit is ruled out of consideration. Everyone is the peer of his fellows.

It may happen, however, that it is difficult for the group to sustain itself. The needs of the situation may be such as to render impossible maintenance through equal contributions, fixed in accordance with the modest means of the less wealthy members. What, then, is to be done?

One alternative is seen in the case of those groups where it is possible to express the results of common action in terms of separate advantage, as in the ordinary business corporation with share capital. Here, indeed, the individual may join the group, only to the extent of his own pecuniary participation, with limited liability. The owner of one-tenth of the shares will re-

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ceive only one-tenth of the profits, and be liable for one-tenth of the assessments; but within these limitations he is still on an equality with other shareholders. Whether the shareholder is rich or poor, whether his holdings constitute his entire resources or only a fraction thereof, makes no difference. To the extent of his interest in the group, he is on the same footing of equality with the rest of the shareholders.

The other alternative is seen in groups where the separate advantage is either nonexistent or nonmeasurable. In such a case, where equal contributions do not suffice to maintain the group, the group must depend on the additional voluntary subscriptions of the wealthier members. In the American "singing schools," as they were called, in pioneer times, the musical assistance was provided by such contributions from the more prosperous participants. In colonial times even the poor-rates were paid by those "whose hearts were willing". Most churches today depend on collections, and many philanthropic associations have an elaborately graduated scale of membership dues. The underlying idea in all these cases is faculty or ability to pay. Every one is expected to do what he can, or what he is able to do, as compared with his less fortunate fellow-members. There is still an equality, but no longer, as before, an absolute equality. The new equality, which reconciles all to a sense of its fitness, is the relative or proportional equality, innate in the idea of faculty or ability. How to measure this ability is a separate question into which this is not the place to enter.

Whether we follow the principle of absolute equality or that of the relative equality implicit in the concept of ability, in no case are the ordinary membership dues adjusted to any principle of benefit or advantage. Even if the special benefits to the individual are existent and measurable they form no criterion of his obligation to contribute to the common burden. The basic idea is that of common satisfaction, not of separate satisfaction; of the common want, not the reciprocal want of the individual.

It may happen, nevertheless, that the individual possesses both common and separate wants. A member of a golf club

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may none the less enjoy a good cigar. He joins the golf club, indeed, in order to play golf, not in order to smoke a cigar; but he may like to smoke a cigar during or after the game. The club may therefore decide, in addition to its principal function of providing a golf course and a golf house, to assume the subordinate function of furnishing cigars to those members who desire them, even though other members may not smoke, or may not care to smoke at that time. If the club steward has cigars to dispose of, is there any reason why he should not sell a cigar to the member who wants it, and who is willing to pay for it? In other words, the group, acting through the steward, now enters into relations with its own members on a different basis from the ordinary one. In addition to satisfying the common wants of the members for a golf course, it now satisfies his separate want for a cigar. The group, in other words, in addition to carrying on its primary joint activities, may also carry on secondary, quasi-separate activities. The group members in addition to making common contributions to common ends, may thus make particular contributions to special separate ends. The group member then stands in a double relation to his fellow members and to the group—the ordinary group relation and the exceptional special or reciprocal relation.

Moreover, the group in satisfying these separate wants of the individual may pursue one of two methods. If the club sells cigars, it may follow the practice of the outside world and charge a price sufficient to cover the outlay. It will then observe the principle of cost of service—it makes the member pay for the cost incurred by the club. On the other hand, the club may serve dinners, either at less than cost, making up the deficit out of the dues, or at more than cost, in order to devote the profits to keeping down the dues. The individual, however, will not regularly buy a meal unless he feels that he is getting at least his money's worth. He may even secure a consumer's surplus, i. e., get more than his money's worth, due to the excellence of the meal, to the environment or to the good company. But at all events he will receive a special benefit or advantage which he measures in whole or in part in

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terms of the price charged. The principle here involved is not cost of service to the group, but value of service or special benefit to the individual. We see, then, that the two methods followed in satisfying the separate wants of the group member may be either cost of service or value of service.

It may even happen that the special relations may occupy a fairly large part in the whole. A golf club, for instance, may charge separate prices not only for cigars or for dinners, but even for the so-called "greens fee"; and the more games a member plays, the more he has to pay, just as may be the case with the billiard tables in a social club. The common benefit nevertheless is still controlling. The individual joins the golf club in order that he may be sure of getting an opportunity to play under the attractive conditions of club membership, and for this opportunity he is made to contribute to the annual dues equally with his fellows. Whether he plays one game or a hundred makes no difference, but in the latter case it may happen that in the course of the year his greens fees will amount to more than his annual dues, or in other words, that the money equivalent of his special advantages will exceed that of his share in the common benefit. The salient fact, however, remains that in fixing the general club dues no attention is paid to the actual or putative special benefits derived by any member. The scope of the measurable special benefits may be wider in one club than in another, but in the fundamental relation, expressed in the annual dues, no attention is paid to the special benefits accruing to the individual. The primary group relation is that of common benefit; only the secondary relation can be measured in terms of special benefit.

Thus, in both its external and its internal activities—that is, in its relations with outsiders as well as with its members, the group exercises an incidental function. The primary function of the group is to satisfy the common wants of its members; the secondary function of the group may be to satisfy its reciprocal wants as a unit in relation to other groups, or to satisfy the separate wants of its members, disassociated from their common wants. The individual member again may contribute to the maintenance of the group by the normal method of pay-

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ments based either on absolute equality or on relative equality as measured by ability, or he may contribute through the subordinate method of payments based either on cost of service or on value of service as measured by special benefit.

If we apply the term group activity to the ordinary and primary activity of the group, the question arises how to denominate this other and secondary set of group activities. So far as the external activities of the group are concerned, where the group acts as a single unit and satisfies reciprocal wants, we might, as we have learned above, appropriately term them quasi-single group activities. So far as the internal activities are concerned, where the group satisfies the separate, rather than the common, wants of the members, we might call them quasi-separate group activities. We have unfortunately no term which combines or includes both the quasi-single and the quasi-separate activities. The best, although by no means satisfactory, term seems to be the quasi-personal activities of the group; personal because the group on the one hand acts as a single person, and on the other hand deals with the separate personal relations of its members. In default of a better nomenclature we must thus contrast the essential or joint group actions of the group with its subordinate or quasi-personal actions. In every association there is always the possibility of these two distinct categories of activity.

Before we are in a position, however, to draw the relevant conclusions from this analysis, so far as concerns governmental action and the fiscal relations of the individual to the state, it is necessary to take another step and distinguish the various classes of groups which satisfy these common wants and which indulge in both joint and quasi-personal activities. This task will be attempted in the next section of this essay.[1]

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[1] The remaining sections of this article will be published in the next number of the POLITICAL SCIENCE QUARTERLY.

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IS THE SENATE UNREPRESENTATIVE?

ONE of the interesting features of our government is the comparatively small attention paid to the "unrepresentative" composition of the United States Senate. From 1787 to the present day, commentators, almost without exception,[1] have tended to minimize the sacrifice made by the large states in the "Great Compromise",[2] to emphasize other features in ascribing merits or defects to the Senate,[3] and in general to defend the equal representation of the states as valuable under modern conditions.[4]

This almost universal acceptance of the soundness of the present form of the Senate has obscured the possibility of fruitful inquiry into the representative character of that body. From the point of view of the student and teacher of political science, however, it is something of an embarrassment to be unable to answer, from available data, the recurring questions: "Has equal representation in the Senate actually made any difference in the legislation of that body? If so, how much difference?" Moreover, the present trend of congressional development will soon require a revaluation of the Senate.

[1] For the opposite view, see Bagehot, who describes the form of the Senate as natural, but inexpedient, a blemish, though a necessary one. *English Constitution,* ch. 5. Burgess declared it a "relic of confederatism", which "ought to be disregarded" and "invites revolution". *Political Science and Constitutional Law,* vol. I, p. 49. Ford notes that "vagaries of popular sentiment and transient delusions may be magnified in the Senate far beyond their real strength". *Rise and Growth of American Politics,* pp. 273-4.

[2] See Hamilton's prophecy that there would be no contests between large and small states as such, Elliot's *Debates,* vol. II, pp. 213, and De Tocqueville's confirmation, *Democracy in America,* p. 149.

[3] Size, permanence, method of election, etc. See Haynes, *The Election of Senators, passim;* Bradford, *The Lesson of Popular Government,* vol. II, pp. 242 *et seq.;* Wilson, *Congressional Government,* pp. 227-8; Bryce, *Amer. Commonwealth* (1912 ed.), vol. I, p. 187. Ford, *op. cit.,* p. 271.

[4] *Cf.* Bryce, *op. cit.,* vol. I, pp. 99-100, 125; Wilson, *The State,* p. 527; Commons, *Proportional Representation,* pp. 134 *et seq.*

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Twenty years ago Professor Ford could write: "With the deterioration of its character that has taken place, the composition of the Senate makes it inferior to the House in balance and moderation".[1] To-day the effects of the Seventeenth Amendment added to the increasing unwieldiness of the lower house have more than restored the balance in the other direction. The increasing predominance of the Senate renders well worth while a careful statistical investigation of the possibility of unrepresentative legislation by that body.

An attempt in this direction was made in 1895 by S. E. Moffett, in an article entitled: "Is the Senate Unfairly Constituted?"[2] In this study an analysis was made of twenty-two important votes, ranging from the Alien and Sedition Laws to the repeal of the Sherman Silver Purchase Act.[3] Mr. Moffett observed that there was no trace of combinations of small versus large states; the politico-geographical sections of the country were nearly, if not exactly equal in population; only one of the votes investigated found the states on one side more than twice in average population that of the states ranged on the other. He concluded that in spite of injustices appearing when one point alone was examined, "under a comprehensive view all the minor inequalities are absorbed in a wider justice". He found the real evil in the irresponsibility and consequent infidelity of individual senators.

On closer analysis of the cases cited, it does not appear that Mr. Moffett attached great importance to *accurate* representation of population. Only ten of the measures included were closely contested and of these four were carried by votes repre-

[1] *Op. cit.*, p. 273.

[2] POLITICAL SCIENCE QUARTERLY, June, 1895, vol. X, pp. 248-56.

[3] For each vote the following information was given:

Name of Measure	*Vote*	*States*	*Total Population*	*Average Population*
Missouri	Div.	1	147,178	147,178
Compromise	For	11	4,293,361	390,305
Feb. 16, 1820.	Vs.	10	4,512,398	451,240

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senting a smaller population than the opposition.[1] While, as quoted, only once did the population per vote on one side exceed that on the other by more than 100 per cent, yet on the average the divergence was nearly 40 per cent—that is, five votes on one side of a question represented, on the average, as much population as seven votes on the other side.[2] It is mere playing with words to assert that such inequalities of representation are "absorbed in a wider justice".

Obviously what is required to indicate just how "unrepresentative" the votes of the Senate have been is not a random selection of a few important votes, but an analysis of the conditions likely to produce "unrepresentative" votes, a careful study of a large number of Senate votes under those conditions, and an estimate of how frequently such conditions have occurred. The study here presented represents an attempt to supply this information and to draw such conclusions as logically follow from the data assembled.

Preliminary considerations. Under what conditions might "unrepresentative" votes in the Senate be found? As has been pointed out, divisions between large and small states as such have never occurred in the Senate. The rise of great national parties divided the states along other lines than those which separated them in the Constitutional Convention. The combination of representatives of both large and small states in each major party makes it likely that, when either party has a substantial majority, its members in the Senate will represent a larger population than the opposition. If, however, the major-

[1]

Name of Measure	*Result*	*Vote*	*"Population majority" of losing side*
Missouri Compromise, 1820	Carried	22—20	229,037
Renewal of U. S. Bank Charter, 1832	Carried	22—16	161,801
Passing Bank Charter renewal over Tyler's veto, 1841	Carried	20—18	2,422,126
Tariff of 1842	Lost	22—24	719,970

[2] In the case of the Missouri Compromise (*cf. supra,* p. 220, note 3), the average population of the states opposing was greater by 60,935, or 15.6%, than the average population of the states favoring. The average excess for the whole twenty-two votes was 39.4%.

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ity is small, it is conceivable that on particular votes the winning side might represent a minority of the population. The most fruitful field, however, for an intensive study of "unrepresentative" votes, would be a Senate in which the majority itself, being made up of a disproportionate number of senators from small states, represents a minority of the population. These conditions are best fulfilled in recent years by the 65th Congress, extending from March 4, 1917 to March 4, 1919. In this Congress the Democratic party held an average majority of eight votes in the Senate, yet because of the presence of representatives of populous states on the Republican side, the Republican constituency was actually greater numerically. If individual measures are ever carried by votes representing a minority of the population, we may expect to find them in this Congress. It was therefore selected as the field for an intensive study of votes.

Method of procedure. How we may ascertain which, if any, of the recorded Senate votes of this Congress are "unrepresentative"? We must assume, in the first place, that senators actually represent their constituents, and that if a vote is carried by the suffrages of senators representing a minority of the population, such a vote is "contrary to the popular will". Whatever exceptions may be taken to this assumption are criticisms of the representative system itself, not of the Senate, and are irrelevant for our purposes. The obvious method of testing Senate votes would be to assign to each senator one-half the population of his State, and compare the totals. Such a laborious calculation seems unnecessary to secure the results desired. It is impossible, in practice, to secure in any body composed of district representatives an exact equality of constituencies. It would be unfair to expect Senate votes to correspond to exact popular majorities, when votes in the House are marred by inequalities in representative districts. The fairest method of measuring the weight of each senator in terms of population is, therefore, to assign to him a weight proportionate to the number of representatives to which his state is entitled in the House.

This method being adopted, each Yea and Nay vote in the

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three sessions of the Senate of the 65th Congress was investigated according to the following procedure. By the name of each senator in each Yea and Nay vote shown in the *Congressional Record* was set a number representing the number of votes to which his state was entitled in the lower house. By adding, a series of figures was obtained indicating the "population weight" of the senators in each of the three categories, Yea, Nay and Not Voting. To reduce these figures so that they might be compared with the original vote, they were multiplied by a decimal factor (.11) obtained by dividing 96, the total number of senators, by 870, the total of the figures representing the population value of the votes cast.[1] It was found possible to resolve fractions to the nearest integer without impairing the accuracy of the result.

For convenience, abbreviations are employed to designate the two sets of figures. "R. V." (Recorded Vote) is the original vote as cast in the Senate; "P. V." (Population Vote) is the result of the calculation just described, *i. e.*, the number of votes to which the Yeas, Nays and Non-Voters would be entitled according to the population represented by them. As those recorded "Not Voting" present a special case, they are further classified into "Paired For", "Paired Against", and "Not Voting". A third abbreviation, "T. V." (Total Vote) is employed to indicate the result obtained by adding to the Yea and Nay "P. V." votes the votes of those actually exerting influence, through their pairs, on either side. The significance of this will be considered later. Let us now note that a comparison of the "R. V." and the "P. V." of any Yea and Nay vote in the Senate gives us a basis for answering the question, "Was the popular will defeated on this vote?" *i. e.*, "Was this vote unrepresentative?" If "P. V." gives a majority to the same side as "R. V." we may answer "No!" But if "P. V." reverses the result of "R. V." we may answer "Yes!"[2]

[1] For simplicity, each senator was assigned the whole of his House delegation, instead of half. Hence the total, 870, twice the House membership.

[2] The results of a specimen calculation may be presented here. The measure in question was: "Fletcher's motion to lay on the table Johnson's motion to proceed with the consideration of the latter's resolution providing for with-

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Summary of results. In the three sessions of the 65th Congress there were, in the Senate, 372 recorded Yea and Nay votes. These were subjected to the calculations described above; the *prima facie* results are shown in the following table.

TABLE I. GENERAL SUMMARY OF RESULTS

	First Session	*Second Session*	*Third Session*	*All Sessions*
Total number of Yea and Nay votes	173	147	52	372
Largest majority reversed	11	11	14	(14)
Number of votes having majority no greater than above ("Contested Votes")	44	50	28	122
Number of contested votes reversed	18	16	11	45
Percentage of total votes reversed	10.4%	18.8%	21.1%	12.1%
Percentage of contested votes reversed	40.9%	32%	39.3%	36.9%

The significance of the category "Contested Votes" should be noted. It was determined by inspection that where the majority was greater than eleven votes (fourteen in the third session) the population factor did not, in fact, have any effect. It seems fair that the number of "unrepresentative" votes found should be compared, not with all decisions of the Senate, but with those where it was possible for there to be a reversal of the popular will. In any case, the results presented are highly interesting. There is at least something to be said for the argument that the Senate is "unrepresentative" in character, if, in a given Congress, one-eighth of all Yea and Nay votes in the Senate, and more than one-third of all contested votes, were carried by representatives of a minority of the population. The final evaluation of the results, however, must be postponed pending the consideration of a number of questions

drawal of troops from Russia". Carried by the casting vote of the Vice-President. *Congressional Record,* 65th Congress, Third Session, p. 3342.

	Yea	*Nay*	*Not Voting*		*Paired For*	*Paired Against*
R. V.	33	33	30	R. V.	13	13
P. V.	25	46	25	P. V.	10	11
T. V.	35	57	4			

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affecting the interpretation of the data, and the presentation of additional material obtained in the course of the investigation.

Importance of the votes considered. Two questions may be asked. Is it fair to base conclusions upon Yea and Nay votes alone? Are the votes "reversed" really important? It must be admitted that many decisions in the Senate or any other legislative body are arrived at without recording the votes of members individually. Record votes are called for either because the opposition leader sees an opportunity to delay, annoy or defeat the majority, or because individual members desire to record their positions on a measure. They provide the real tests of party strength. They are the open record of every senator's legislative behavior. We are accustomed to judge a senator largely by his votes; it is, therefore, not illogical to attach importance to these record votes for our present purpose.

The second question can be answered best by an inspection of the list of "reversed" measures (see Table II). Obviously not all are vitally important; many represent minority strategy; the same issue is repeated in a number of votes; there are few final votes on bills. Nevertheless, these are fair samples of record votes; in many cases, apparently insignificant votes on amendments furnish the only clue to the final disposition of the matter by the Senate. It must be repeated that these votes were closely contested. Even a mere reading of the titles will convince the reader of the importance of many of the measures. The 65th Congress covered the period of our participation in the World War and the months immediately following —a period crowded with weighty decisions in which trivialities had small chance to reach a record vote.

TABLE II. MEASURES CARRIED OR LOST CONTRARY TO POPULAR WILL[1]

First Session[2]

1. Investigation of street car strike. Gallinger's motion to refer.
2. Bond Issues bill. Depriving Sec. of Treas. of power to fix denomination, convertibility, duration, interest. Weeks's amdt.

[1] An asterisk (*) indicates that the bill was carried, but would have lost by a "population vote". The remaining bills were lost, but would have carried by a "population vote".

[2] References to pages of the *Congressional Record,* 65th Congress, First Session: 621, 767, 768, 886, 1457, 2190, 2192, 2196, 4759, 4773, 5666, 5712, 6242, 6242, 6383, 6428, 7409, 7762.

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3. Bond Issues bill. Requiring Sec. of Treas. to make detailed annual report of expenditures. Weeks's amdt.
4. Espionage bill. To preserve freedom of speech and press. Cummins' amdt.
*5. Army increase bill. Forbidding sale or gift of liquor to army officers, or men, or members of Congress. Underwood's amdt.
6. Espionage bill. To allow cereals to be used for making liquor other than spirits. Wadsworth's amdt.
7. Espionage bill. Excluding from prohibition clause rum used exclusively in preparing tobacco. Weeks's amdt.
*8. Espionage bill. Forbidding use of cereals in making liquor. Cummins' amdt.
*9. Lever bill. Forbidding withdrawal of liquor or spirits from bond for beverage purposes during war. Cummins' amdt.
10. Lever bill. Allowing president to permit withdrawal of liquors from bond, if, in his opinion, in the public interest. Reed's amdt.
*11. Eighteenth Amendment, final vote in the Senate.
*12. Construction of Treasury Bldg. Motion to proceed with consideration. Swanson.
13. War Revenue bill. Reducing surtax on incomes over $60,000. Committee amdt.
14. War Revenue bill. Reducing surtax on incomes over $80,000. Committee amdt.
*15. War Revenue bill. Eliminating three-cent postage on letters. Hardwick.
*16. War Revenue bill. Increasing postal rates on second class matter in lieu of tax on newspaper earnings. McKellar's amdt.
*17. Deficiency Appropriation bill. Appropriating $750,000 for U. S. Employment Service. Robinson's amdt.
18. War Risk Insurance bill. Increasing pensions of widows and orphans of Civil War, Spanish American War, Philippine Insurrection veterans. Smoot's amdt.

Second Session [1]

*1. Bill to promote mining of coal, oil, etc. Final passage.
2. Bill to regulate supply and price of print paper. To define punishments exactly instead of leaving to Federal Trade Comm. Reed's amdt.
3. War Finance Corporation bill. Allowing officers, directors, etc. of other banks to be directors or officers. Comm. amdt.
4. Registration for military service. Allowing those between 19 and 21 to attend schools giving military training. New's amdt.
5. Sedition bill. Permitting publication or statement of that which is true with good motives for justifiable ends. France's amdt.
6. Overman bill. Exempting Federal Reserve Board from President's power to coordinate depts. Smith's (Ga.) amdt.
7. Overman bill. Exempting Interstate Commerce Commission. Smith's amdt.

[1] References to pages of *Congressional Record*, 65th Congress, Second Session: 662, 888, 2855, 4279, 4826, 5699, 5703, 7350, 8341, 8358, 9091, 9093, 9885, 9886, 9886, 10646.

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8. Cloture rule. Motion to adjourn (shutting off debate on rule).
*9. Child Labor tax bill. Reference to Finance Committee instead of Interstate Commerce Committee. Simmons' motion.
10. Bill for stimulating agriculture. Chair overruled in supporting point of order made by Penrose.
11. Government Control of Electrical Communications bill. Operation under government control to be unrestricted except that government business shall have precedence. Reed's amdt.
12. Same amdt. offered as before Senate, instead of in committee of whole.
13. Bill for stimulating agriculture. Striking out $150,000 for stimulating production of pork. Kenyon's amdt.
14. Same, striking out $129,000 for stimulating production of poultry. Kenyon's amdt.
15. Same striking out $60,000 for stimulating production of sheep. Kenyon's amdt.
*16. Water-power development bill. Appointing conferees. Walsh's motion.

Third Session [1]

1. Revenue bill. Reducing income tax after 1918. McCumber's amdt.
*2. Revenue bill. Putting 100% tax on all campaign contributions over $500 at Federal elections. Thomas' amdt.
3. Census bill. Requiring all supervisors to take civil service examinations. Smoot's amdt.
*4. Investigating Ford's contest of Newberry election. Reference to committee. Chair supported in ruling.
5. Withdrawal of troops from Russia. Motion to proceed to consideration of this resolution. Johnson's motion.
6. P. O. Appropriation bill. Deducting amount spent on roads to and from cantonments from state's apportionment. Moses' amdt.
7. Same. Officers and men working on non-military roads to receive civilian compensation. Frelinghuysen's amdt.
*8. Withdrawal of troops from Russia. Johnson's motion to proceed with consideration of resolution laid on table. Fletcher's motion. Carried by casting vote of Vice-President.
*9. Investigation of employment of discharged soldiers and sailors. Cummins' motion to proceed to consideration of resolution laid on table. Ransdell's motion.
*10. Rivers and Harbors bill. Insert appropriation of $100,000 for improvement of Oklawaha River. Comm. amdt.
11. Victory Loan bill. Bonds issued under act to bear Roosevelt's portrait. Kenyon's amdt.

Party irregularity. If party lines were strictly followed in the Senate, every Yea and Nay vote in the sessions we are considering would be unrepresentative, in the sense in which we

[1] References to pages of *Congressional Record*, 65th Congress, Third Session: 750, 779, 1582, 2121, 2878, 2896, 2961, 3342, 3436, 3557, 4739.

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are using that term. The extent to which there is a crossing of party lines on close votes is shown in the following table, based on the fifty contested votes in the second session.

TABLE III. DISTRIBUTION OF PARTY VOTES

	Republicans	*Democrats*
Number of senators	44	52
Average number paired or not voting	16	19
Average number voting with the opposition	6.4	9.8
Average percentage voting with the opposition	14.6%	18.8%

The fact that nearly fifteen per cent of the Republicans voted with the Democrats on close votes and nearly twenty per cent of the Democrats were found on the Republican side introduced a complication which necessitated inspection of each vote to determine its "representative" character.

Pairs and absences: Inequalities of the pairing system. The familiar arrangement by which a senator agrees to refrain from voting when his pair is absent materially affects the representative character of the Senate. Pairs, it is true, always follow party lines strictly. Hence the addition of the population weight of paired votes to the population weight of Yea and Nay votes to produce the total vote ("T. V.") for and against each measure did not make any changes in the votes "reversed". The calculations incidental to determining this fact, however, reveal some interesting points concerning the inequalities of the pairing system.

The importance of taking pairs into consideration is evident from the fact that approximately a third of the senators are paired or not voting on record votes.[1] In the official summary, paired senators appear as not voting, hence pairing is a convenient method of avoiding responsibility. Periodicals which carry records of votes on important measures do not analyze the list of non-voters to indicate pairs. A careful study of the pages of the *Congressional Record* is necessary to ascertain who are paired, and since pairs are freely transferred, a separate

[1] See Table III, which shows 35 senators, on the average, not voting. In the third session, on all record votes, 34 on the average, were in the Not Voting column.

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study must be made for each measure. Often general pairs are announced at the beginning of a day's session and not repeated on subsequent votes. If a general pair exists, it may not be announced at all, being adhered to tacitly. A senator is under no obligation to announce how he would have voted if not paired. Since this is occasionally done, we may assume that a senator who does not make such an announcement lacks eagerness to have his position known to his constituents. On a few important measures in this Congress, such as the several votes on the Woman's Suffrage and Prohibition Amendments, every member is careful to record his preference, but this is the exception, not the rule.

Does the pairing system possess advantages to compensate for these evasions of responsibility? Of course it is well understood that both party organizations rely upon pairs to preserve party strength on divisions. It may be suggested, however, that a plan far more in the public interest would be to make possible some form of "absent voting" for senators who are obliged for official reasons to be absent from the chamber, and to require other absentees to pay the penalty by loss of a vote.[1] Neglect of the public duty would thus become obvious, and could be taken cognizance of by a senator's constituency. An illustration of the abuse of pairing is found in the third session of the 65th Congress. There were only fifty-two record divisions, yet on forty-two of these Senator Fall of New Mexico is recorded as not voting. Was his weight as a senator thereby lost? On the contrary, he was paired on every occasion with a Democrat. This is "absentee government" in an aggravated form.

From the point of view of misrepresentation of the population, the subject with which this paper is primarily concerned, a study of the pairs in this Congress is quite enlightening. A few extreme cases may first be cited, based on the votes of the third session. Senator Calder, Republican, New York, represented a state having forty-three representatives in the lower house. On twenty-six occasions he was paired with Democrats

[1] As Vice-President Dawes did on the famous occasion of the Warren confirmation vote.

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from states entitled on the average to 5.1 representatives. His colleague, Senator Wadsworth, was paired eighteen times with senators from states represented on the average by only 2.16 representatives. At the other extreme stands Senator Fall of New Mexico, whose state has but one representative in the lower house. He was often paired with Senator Kendrick of Wyoming, a state of the same rank; more than twice as many times his pairs were from thickly populated states. On the average his pair represented a little more than seven times as populous a constituency.[1]

These are extreme cases, but the inequalities do not disappear when an average is struck. In the third session there were twenty-seven pairs announced as general pairs or appearing so frequently that they seem to be the result of a general agreement. Attributing to each senator the House representation of his state, we find the average representation for paired Republicans to be 13.3, and for paired Democrats, 6.6. Thus making full allowance for the operations of chance, it is seen that on the average Republican senators represent a population twice as great as that of their Democratic pairs. This "misrepresentation of population" in the pairing system confirms the conclusions to be drawn from the "reversals of the popular will" found in the Yea and Nay votes.[2]

Are "reversed measures" favorable to thinly populated areas? Such measures must have been favored by senators from thinly populated states, or at least opposed by senators from populous districts. Do the measures deal with matters closely affecting

[1] The pairs of these Senators, with the representation of their states, follow:

Calder, N. Y. (43): Gerry, R. I. (3), 18 times; Culberson, Tex. (18), twice; Lewis, Ill. (27), once; Hardwick, Ga. (12), once; Pittman, Nev. (1), once.

Wadsworth, N. Y. (43): Hollis, N. H. (2), 14 times; Wolcott, Del. (1), twice; Smith, S. C. (7), once; King, Utah (2), once.

Fall, N. Mex. (1); Kendrick, Wyo. (1), 13 times; Culberson, Tex. (18), once; Lewis, Ill. (27), twice; Walsh, Mont. (2), 6 times; Smith, Ariz. (1), once; Phelan, Cal. (11), 17 times; Smith, Md. (6), once; Martin, Va. (10), once.

[2] Other unequal pairs were: Frelinghuysen, N. J. (12) and Walsh, Mont. (2); Knox, Pa. (36) and Chamberlain, Ore. (3); Warren, Wyo. (1) and Overman, N. C. (10); Watson, Ind. (13) and Wolcott, Del. (1).

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the interests of the sparsely settled regions—the West in particular? To base judgments of senators' motives upon a mere scrutiny of the title of a bill is a rather dubious proceeding, hence any comments on this point are frankly tentative. A reader familiar with the legislation of this period can identify these measures from the titles given in Table II, and thus form his own conclusions. Among the first session measures we find seven votes dealing with restriction of the liquor traffic. Prohibition has usually been favored by the West and opposed by the centers of population. These seven measures, including the Eighteenth Amendment, would all have been defeated had population been allowed weight in Senate votes. Woman Suffrage, another measure popular in the West, does not appear in the list. The Woman Suffrage Amendment, however, failed only by one vote in the 65th Senate. Had it carried, it would have been by votes representing less than the requisite popular majority, as was actually the case when the Nineteenth Amendment passed in the first session of the next Congress. Continuing our examination of the first session, we next note two measures (13 and 14) reducing income surtax. Reduction of surtaxes is generally opposed by Western senators—these measures were defeated. Still another measure (16), the increase of second-class postal rates, favored by country newspapers and opposed by magazine publishers, seems to fall within the desired category.

Fewer measures of this kind are found in the second session. The Leasing Bill, the first on the table, was denounced by Senator King as a blow at the Western states. It had been asked for, however, by the administration, and was carried by the administration majority. It may be classed, therefore, as a party, rather than as a sectional measure. Senate bill 4763, taxing articles produced by child labor, is an interesting illustration of a sectional measure (9). Here, however, it is the South, rather than the West, which is concerned. A Northern Democrat, Pomerene, proposed reference of the measure to the Interstate Commerce Committee; a Southern Democrat, Simmons, proposed reference to the Finance Committee. This maneuver should be understood in relation to the eventual fate

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of the Child Labor Bill. As a tax measure it was unconstitutional, and so the Supreme Court later decided. Had it been considered a regulation of commerce, it would have fallen within the powers of Congress. Simmons' change of reference was carried by the solid Southern vote against the wishes of the representatives of the more populous Northern states.

During the remainder of the second session and the short third session, illustrations of sectional measures are lacking. Party lines are strictly followed. On the whole we may conclude that party allegiance is, as a rule, more important in determining how a senator votes than the supposed interests of his section. He is apt—quite properly from the party point of view—to regard his sectional loyalty as fully discharged when he urges upon the party caucus, or the party leaders, approval of the measures specially favored by his constituents. This observation would not account for all cases, as where party loyalty is not invoked, or in the case of a "progressive bloc" as found in the 68th Congress. In the 65th Congress, however, the most frequent cause for "unrepresentative" votes is the fact that the administration majority represented a minority of the population.

Would other Congresses show similar results? Further reversals of the popular will may be expected in other Congresses in which the working party majority represents a minority of the people. In Table IV are displayed the party alignments of

TABLE IV. PARTY DIVISIONS IN THE SENATE SINCE 1875 IN TERMS OF POPULATION WEIGHT [1]

Congress	*Dates*		*Reps.*	*Dems.*	*Others*
68	1923-25	R. V.	51	43	2
		P. V.	52	41	3
67	1921-23	R. V.	60	36	
		P. V.	63	33	
66	1919-21	R. V.	49	47	
		P. V.	57	39	
65	1917-19	R. V.	44	52	
		P. V.	53	43	

[1] The figures represent the party line-up at the beginning of the first session, as nearly as could be ascertained. These were derived by comparison from various sources: *The Congressional Directory, Annual Cyclopedia, World, Herald* and *Tribune* Almanacs.

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64	1915-17	R. V.	40	56	
		P. V.	40	56	
63	1913-15	R. V.	45	51	
		P. V.	45	51	
62	1911-13	R. V.	50	41	*
		P. V.	47	44	
61	1909-11	R. V.	58	34	
		P. V.	59	33	
60	1907-09	R. V.	60	29	*
		P. V.	60	29	
59	1905-07	R. V.	56	33	*
		P. V.	60	29	
58	1903-05	R. V.	57	33	
		P. V.	59	31	
57	1901-03	R. V.	56	29	3†
		P. V.	61	27	2
56	1899-01	R. V.	55	27	8
		P. V.	60	26	4
55	1897-99	R. V.	47	34	8*
		P. V.	50	36	4
54	1895-97	R. V.	43	39	6
		P. V.	35	50	3
53	1893-95	R. V.	38	44	3‡
		P. V.	31	55	2
52	1891-93	R. V.	47	39	2
		P. V.	39	48	1
51	1889-91	R. V.	47	37	
		P. V.	45	39	
50	1887-89	R. V.	39	37	
		P. V.	41	35	
49	1885-87	R. V.	41	35	
		P. V.	44	32	
48	1883-85	R. V.	40	36	
		P. V.	44	32	
47	1881-83	R. V.	37	37	2
		P. V.	41	32	3
46	1879-81	R. V.	33	42	1
		P. V.	28	46	2
45	1877-79	R. V.	40	35	1
		P. V.	35	39	2
44	1875-77	R. V.	47	29	
		P. V.	41	33	

* one seat vacant, † two seats vacant, ‡ three seats vacant.

Congresses since 1875, together with a restatement of each in terms of population.[1] We find the situation in the 65th Con-

[1] Accurate statistics of party alignment prior to the Civil War were not available to the writer; the Civil War and Reconstruction period was omitted as a suspension of the party system.

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gress paralleled in the 54th, 52d and 45th Congresses. In the 47th a tie existed in the Senate when Mahone, of Virginia, a "Regulator", voted Republican, and David Davis of Illinois voted Democratic. By means of the casting vote of Vice-President Arthur, the Republicans gained control of the Senate organization, Since the Republicans also held a population majority, this Senate should not be included in our list, yet the scant margin of control possessed by the Republicans renders it inevitable that many votes must have been carried by combinations of Republicans together representing a minority. Of course it should be pointed out that where the actual majority is also a population majority some measures are "reversed". This fact has been demonstrated by the writer in a partial investigation of the 66th Congress. Because of the narrow population majorities, many such "unrepresentative" votes may be looked for in the 63d, 62d, 51st and 50th Congresses as well as in the 47th. A few may be expected in the 68th, 66th, 55th, 49th, 48th and 44th, in which the population majorities are not particularly large. None may be anticipated in the 67th, the 64th, the overwhelmingly Republican Congresses from the 56th to the 61st, and the 53d and 46th, which were equally under Democratic control.[1] Summarizing this analysis,

[1] From one point of view the 68th Congress might be included among those in which minority rule is likely to be found. The Republicans had a majority of eight over the Democrats, and of six over the Democrats plus the two Farmer-Labor members. The balance of power, however, was held by the "progressives": LaFollette, Brookhart, Frazier, Ladd and Howell. This group, plus the Democrats, could control the Senate, 50 votes to 46. By "P. V." this majority becomes a minority of two, 47 to 49. An illustrative case is found in the balloting for the chairmanship of the Committee on Interstate Commerce. Desiring a chairman favorable to the revision of the Esch-Cummins Act, the progressives withheld enough votes to prevent the election, by the normal Republican majority, of Mr. Cummins himself to his former post. After failing to secure concentration successively on Senators LaFollette, Howell and Couzens, the extreme progressives turned to the Democratic candidate, Senator Smith of South Carolina, and secured his election. The final vote (counting all known to favor each candidate) was: Smith, 48; Cummins, 39; Couzens, 9. The "P. V." of this vote is: 46-44-6. Smith's supporters did not have quite a popular majority. *Congressional Record,* Dec. 3, 1923 to Jan. 9, 1924, *passim.*

The figures for the 69th Congress, not included in Table IV, may be given here. The party distribution for the first session is: Republicans, 56; Demo-

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we find out of twenty-five Congresses in fifty years ten in which misrepresentation of the population probably had no effect on the results of votes, six in which changes on that account would be few, five in which a fair number of votes would be "unrepresentative", and four, including the 65th Congress, in which a distinct percentage of all votes and a large percentage of contested votes were, in all probability, "contrary to the popular will". Assuming that "reversed votes" occurred only in this last mentioned group and at the same rate as in the 65th Congress, approximately two per cent of all Yea and Nay votes were reversed during the fifty year period, and approximately six per cent of all contested votes. These figures should be increased somewhat to allow for reversals in other Congresses.

How serious a departure from the representative principle do these results imply? Bearing in mind that the meaning assigned, for the purposes of the investigation, to the terms "unrepresentative" and "contrary to the popular will" involves a severe standard of judgment, the long-time record of the Senate is surprisingly good. Certainly there has been no continuous alliance of thinly populated states against the more densely peopled areas. The defective results noted have appeared at intervals, and for another reason. These conclusions, moreover, do not attempt to indicate the form which legislation would have taken had the Senate been constituted on the basis of proportionate representation. Neither is it implied that it would be desirable (were that possible) now to reconstitute the Senate on such a basis. The reader may apply his own remedy for the unrepresentative character of the Senate according to the bent of his political philosophy. A more accurate knowledge of just to what degree the Senate has been "unrepresentative" in the last fifty years should be

crats, 39; Farmer-Labor, 1. The "P. V." of this is 59-36-1. This Congress would normally be classified as one in which no "unrepresentative" votes need be anticipated. Agricultural bloc activities, however, present a complication. Ten Senators from agricultural states, such as Senators LaFollette, McMaster, Norbeck, Frazier, Nye, Howell, Norris, Capper, Schall, Brookhart, joining with Senator Shipstead and the Democrats, could defeat the Republican majority, 50 to 46. The "P. V." of this vote would be 44 to 52. "Blocs" from the thinly populated states inevitably threaten minority rule.

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of material assistance in forming an opinion as to the present necessity of reform.[1]

Effect of the semi-permanent character of the Senate. A well known incident of our bicameral system is that the control of both houses is often not vested in the same party, thus creating a legislative deadlock. This result is produced by the two features differentiating the composition of the Senate from that of the House: equal state representation and the overlapping terms of its members. Which of the two features, we may inquire, plays the greater part in producing the effect noted? The information supplied in Table IV enables us to isolate the second feature—the semi-permanent character of the Senate—and examine its effects upon party control of Congress. The pertinent facts are conveniently assembled in Table V. In column 1 we note the party controlling the House of Representatives, in column 2 the party controlling the Senate, in column 3 the party controlling both houses, a divided Congress being indicated by the symbol X. In column 4 is given the party which would have controlled the Senate if members voted according to the population they represented, and in column 5 the party that would have controlled Congress on the same supposition. Columns 4 and 5 thus indicate the differences in party control as between House and Senate which are produced by the semi-permanent character of the latter body.

Following the party mutations since 1895, we get a graphic idea of how the reaction of the Senate to popular opinion is slowed down by the presence of hold-over members. When control is passing from one party to another, a divided Congress may first result. This situation may persist, as between 1875 and 1891. The Republicans control the House only once during these years, yet they keep the Senate, with one exception, throughout the period. By population, the Democrats retain the 52d, 53d and 54th Senates. The 62d House goes

[1] Ample suggestions for Senate reform may be found in the constitutions of the new European states and in the voluminous literature on second chambers. Perhaps the prototype of them all is the small state suggestion in the Convention of 1787 that state boundaries be "thrown into hotchpot" altogether. See Paterson's speech, June 16, Madison's reply, June 19; the suggestions of Read of Delaware, June 11 and 29. Elliot's *Debates*, Vol. II.

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TABLE V. EFFECT OF THE SEMI-PERMANENT CHARACTER OF THE SENATE

Congress	House Control	Senate Control	Congress Control	Senate Control ("P. V.")	Congress Control ("P. V.")
68th — 1923	Rep.	Rep.	Rep.	Rep.	Rep.
67th — 1921	Rep.	Rep.	Rep.	Rep.	Rep.
66th — 1919	Rep.	Rep.	Rep.	Rep.	Rep.
65th — 1917	Dem.	Dem.	Dem.	Rep.	X
64th — 1915	Dem.	Dem.	Dem.	Dem.	Dem.
63d — 1913	Dem.	Dem.	Dem.	Dem.	Dem.
62d — 1911	Dem.	Rep.	X	Rep.	X
61st — 1909	Rep.	Rep.	Rep.	Rep.	Rep.
60th — 1907	Rep.	Rep.	Rep.	Rep.	Rep.
59th — 1905	Rep.	Rep.	Rep.	Rep.	Rep.
58th — 1903	Rep.	Rep.	Rep.	Rep.	Rep.
57th — 1901	Rep.	Rep.	Rep.	Rep.	Rep.
56th — 1899	Rep.	Rep.	Rep.	Rep.	Rep.
55th — 1897	Rep.	Rep.	Rep.	Rep.	Rep.
54th — 1895	Rep.	Rep.	Rep.	Dem.	X
53d — 1893	Dem.	Dem.	Dem.	Dem.	Dem.
52d — 1891	Dem.	Rep.	X	Dem.	Dem.
51st — 1889	Rep.	Rep.	Rep.	Rep.	Rep.
50th — 1887	Dem.	Rep.	X	Rep.	X
49th — 1885	Dem.	Rep.	X	Rep.	X
48th — 1883	Dem.	Rep.	X	Rep.	X
47th — 1881	Dem.	Rep.	X	Rep.	X
46th — 1879	Dem.	Dem.	Dem.	Dem.	Dem.
45th — 1877	Dem.	Rep.	X	Dem.	Dem.
44th — 1875	Dem.	Rep.	X	Rep.	X

Democratic, but the Senate stays Republican. The 63d and 64th Congresses are Democratic, but the 65th Senate is Republican by population, making a divided Congress.[1]

Eight of the last twenty-five Congresses have been divided. Twelve have been Republican and five Democratic. Putting the Senate on a population basis would not eliminate this situation, though it would correct some of its departures from a representative basis. The divided 45th and 52d Congresses should have been under Democratic control. The 54th Senate should have been Democratic, and the 65th Republican, thus creating divided Congresses. Introducing the population factor does not reduce the number of divided Congresses. This

[1] A comparison of majorities in the two houses, not indicated in the table, also shows the lagging response of the Senate to changes in popular sentiment, even where a divided Congress does not result.

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could be accomplished only if both houses were chosen for similar terms of years. Had this been the case during the past fifty years, party control of Congress would have been quite different, as may be seen from inspecting column 1 of the table. Thirteen times the House was under Democratic control; twelve times in Republican hands. If we had, let us say, a unicameral Congress elected for four-year terms, beginning in 1875, seven Congresses would have been Democratic, six Republican. The Democratic party might well lodge a complaint against the present composition of the Senate. The Republicans were beneficiaries of equal voting in the Senate during this period, retaining three Senates to which they were not entitled by population, and losing only one. They also profited by the overlapping, extended terms of senators. Each time they have controlled the House, they have also controlled the Senate, whereas the Democrats were equally fortunate but five out of thirteen times.

Summary. 1. The "unrepresentative" character of the Senate is here measured by the number of Yea and Nay votes carried by senators from states whose representatives would constitute a minority of the House of Representatives.

2. In the 65th Senate the party majority represented a minority of the population. In the three sessions of this Senate, 12.1 per cent or nearly one-eighth of all Yea and Nay votes, and 36.9 per cent or more than one-third of all close votes may be considered "unrepresentative".

3. In the last fifty years, three other Senates were controlled by population minorities. If the percentage of "unrepresentative" votes found in the 65th Senate prevailed also in these Senates, approximately 2 per cent of all Yea and Nay votes and 6 per cent of all contested votes during the whole period would be "unrepresentative". These percentages represent a minimum, as further "unrepresentative" votes would undoubtedly be found in at least five other Senates.

4. The system of pairs used in the Senate reveals defects and inequalities. On Yea and Nay votes, party lines were not strictly followed. On contested votes in the second session an average of 14.6 per cent of the Republicans voted with the

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Democrats, and an average of 18.8 per cent of the Democrats with the Republicans. Pairs, however, follow party lines strictly. They make it extremely easy for senators to avoid committing themselves on controversial issues. Pairs likewise reveal great inequalities in the representation of population. Not only are certain individual pairs grossly unequal, but paired Republicans, in the third session, represented, on the average, twice as much population as paired Democrats.

5. An examination of "unrepresentative" votes reveals a number which appear to favor thinly populated areas. The principal cause of such votes, however, is the presence of a Senate majority representing a minority of the population.

6. Proportionate representation in the Senate would have modified but not eliminated the divided control found in eight of the last twenty-five Congresses. Party deadlocks between House and Senate are due, not to equal representation in the Senate, but to the longer and overlapping terms of senators. The Democratic party was adversely affected both by equal representation in the Senate and by the semi-permanent character of that body.

Conclusion. The data above presented, it is hoped, will supply quantitative answers, heretofore unavailable, to certain questions, frequently met by students of government, concerning the composition and procedure of the Senate. The facts and observations recorded, moreover, are believed to be of particular importance in view of the ascendancy of the Senate over the House, completely reestablished during the last decade, and manifesting itself in a growing tendency of the public to regard the Senate as the body which really represents their interests, both in legislation and in enforcing the responsibility of the executive. While this situation undoubtedly indicates the need of a thorough reexamination of the theory and practice of popular representation in state and nation, the present analysis of the representative character of the Senate may serve to illuminate some significant phases of the general problem.

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ECONOMIC THEORY AND ECONOMIC CRITICISM—CASSEL ON RENT AND ON INTEREST

THE history of Political Economy is in large part a history of controversy and criticism; and every one must recognize that it is in large measure through the ardor of controversy and through the acumen, even perhaps the acerbity, of criticism that the theory of Political Economy has been developed and clarified and improved. But there have all along been serious evils attendant upon this process; and I venture to think that this has been particularly the case in the last four or five decades.

The evil that I have chiefly in mind is that which comes from the tendency of so many economists to magnify the difference between their own views and those of their predecessors—a tendency which, indeed, often goes beyond the mere magnifying of differences and assumes the character of imputing to earlier writers errors, both of commission and omission, which cannot with any justice be ascribed to them.

Of this tendency no serious reader of economic literature can fail to be more or less distinctly aware; but neither the extent nor the gravity of the evil has, I feel sure, been sufficiently appreciated. The evil is indeed twofold. In the first place, the belief is widely current that in Political Economy nothing is settled; that on almost every subject of economic discussion opinions diametrically opposed to each other are upheld with about equal confidence by economists of about equal authority; that economics vies with metaphysics in the endless futility of its disputations. If this belief were justified by the facts, economists would be bound to accept it with good grace; but no one who really understands the essentials of economics can admit that it is so justified. That there are enough real grounds for the belief to make it plausible, and to be justly a source of serious concern to all economists, must be admitted; but it is a misfortune that to these real grounds should be added a great

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reinforcement in the shape of factitious grounds which pass current as genuine. Misfortune is none too strong a word; for this erroneous belief not only chills the ardor of many a student, but deprives the results of economic thought of that degree of authority with the public to which they are justly entitled, and to the absence of which the unchecked prevalence of many mischievous popular errors is in no small measure to be attributed.

Concerning this aspect of the harm done by magnifying differences and by conjuring up imaginary errors, there will be no need to say anything further. But there is another aspect of it with which we shall be specifically concerned. That aspect concerns not the repute of economic theory—either with the general public or with students of economics—but the condition of that theory itself. For it often happens that a criticism directed against a standard economic doctrine, while bearing the outward marks of profundity or refinement of thought, embodies in reality a misconception of the true nature and purport of the doctrine attacked, and that the application of the criticism results not in an improvement of the doctrine but merely in a darkening of counsel. It is distressing to see elementary and essential concepts, clear-cut and fundamental doctrines, submerged under a mass of learned criticism which, whatever its merits in other respects, simply misses the point of the thing criticised; and it is one of the consolations of those who are familiar with this distressing experience through its constant recurrence, that the central ideas and doctrines thus submerged have a persistent habit of emerging again and again with little or no damage.

Illustrations of all this are only too abundant in economic literature; but those with which I shall be concerned are found in the work of Gustav Cassel, as presented in his *Theory of Social Economy* (English translation 1924), already reviewed, and his *Nature and Necessity of Interest* (1903). One cannot read Cassel without being impressed with the vigor of his mind and the richness of his thought; and of course there can be no question either of the abundance of his learning or of his familiarity with economic realities. Nor can we suspect Cassel of

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being unduly beset with that last infirmity of scientific minds, the desire to assert one's own originality. Clearly we have here a mind able, vigorous, well-equipped, and bent upon the discovery and propagation of the truth. All the more instructive, then, is the exhibition by Cassel of serious faults of the kind indicated above.

The subjects whose treatment by Cassel I shall discuss at any length are two only: the theory of interest and the theory of rent. In objecting to what Cassel has to say about certain aspects of the theory of interest, I shall have to discuss with some minuteness points that are even more interesting in themselves than as illustrations of my general thesis. But in the matter of rent the objections I have to make are not so much to the substance of Cassel's views, taken in themselves, as to his erroneous conception of the relation of these views to what has been for many decades common property, familiar matter of everyday thought, to all economists.

One reason—perhaps *the* reason—why Cassel commits the error is that, from the very beginning of his book, *A Theory of Social Economy*, he shows himself to be possessed with a notion which is a most striking instance of that unfortunate disposition of which I have spoken. It requires quite an effort for me to think of this particular notion as anything less than a sheer delusion; and though I feel sure that it is not so bad as that—that Cassel does attain some real intellectual end by means of the thing—yet I feel equally sure that, along with any good it may do in this way, it plays just such havoc with his thinking as a sheer delusion might.

Cassel's "Principle of Scarcity"

The delusion (if I may call it that for short) consists in nothing less than the notion—nowhere explicitly set forth, but again and again, throughout the book, unmistakably implied—that economists in general have failed to realize the fundamental and pervasive rôle of *scarcity* in the causation and control of economic phenomena. Again and again we find "the principle of scarcity" invoked as though it were some spirit called up from the vasty deep to enlighten the darkness in

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which economists have been groping. But one looks in vain for any content in that principle beyond the recognition of that which has always been recognized as an essential attribute of all economic goods and an essential factor in the determination of all economic relations.

So improbable does it seem, however, that Cassel should have made so much of so little—that he should, like Dr. Holmes's katydid, "say an undisputed thing in such a solemn way"—that I have taken the trouble to look up, with the aid of the index, every explicit invocation of this "principle of scarcity", in the hope of discovering something about it that I had overlooked. And what I find are these four express references to the principle:

> As the means of satisfying wants are usually available only in a limited quantity, whereas the wants of civilised human beings as a whole are unlimited, the means are usually *scarce* relatively to the wants. It is only means of this kind that pertain to the economy: only scarce means are economic means. Hence the entire economy is conducted on the understanding that the means are scarce; it is, in this sense, governed by the "principle of scarcity." The specific task of the economy, therefore, is to secure as well as it can an adjustment between the wants and the means of supplying the wants. In the measure in which it succeeds in doing this we speak of it as a sound economy (p. 7).

> The means of production, especially human labor, may be, as a rule, used in very different branches of production. This is a very important fact for the entire human economy. The scarcity of a particular kind of good is, thanks to it, not as a rule determined by an absolute scarcity of the means of producing that particular good, but by the amount of means of production allotted to that particular branch of production. It is, therefore, to a very great extent relative. The relative scarcity of the various kinds of commodities thus depends upon the distribution of the available means of production amongst the various branches of production. This distribution must be regulated with a regard to the scarcity of the various means of production on the one hand, and the importance of the different demands on the other. Every economy is, in those circumstances, essentially an econo-

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mising with the means of production, and a rational conduct of the economy must consist to a very great extent in the proper distribution of the means of production amongst the various applications of them. Precisely because the means of production can serve so many different purposes the possibilities of satisfying needs according to their various characters are so very great. Still, the scarcity of the means of production is always an essential restriction of the total capacity to satisfy wants (p. 20).

As the restriction of consumption must be all the more rigorous in proportion to the scarcity of goods relatively to the demands of consumers, and therefore prices are substantially determined by this scarcity, we see that the described purpose of the fixing of prices is an expression of the principle of scarcity which we gave in the first section. *Hence in the exchange economy the principle of scarcity means the need to bring consumption, by the pressure of prices, into harmony with a relatively scanty supply of goods.* In this principle, which brings out the socio-economic necessity of prices, we have also, as we shall now see, the general and essential basis for the determination of prices. The principle of scarcity is, in fact, of fundamental importance to the theory of prices, and therefore to the whole of economic theory (p. 74).

We thus come to the conclusion that the means of production must be used in such ways that they will meet the demands which will pay most. The solution of the problem is, therefore, to fix uniform prices for the means of production; to determine the prices of finished goods according to those prices; and to control production in such a way that those wants are met which are prepared to cover the price of satisfying them, determined in this way, and the others not. If proper prices are put upon the means of production the demands of consumers can be so far restricted that they can be met with the relatively scarce existing means of production. This is enough to settle the prices of the means of production and therefore also of the finished products. We thus determine both the demand and the entire direction of production. And, as is clear, this solution of the problem is merely an application of the principle of scarcity to the general case we are considering (p. 87).

In all this I fail to find anything that is not matter of famil-

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iar knowledge—knowledge so familiar, indeed, that perhaps it is oftener implied than expressed in any instance of its application. Yet, as I have said, I am not prepared to deny that the particular formulation of the matter adopted by Cassel serves a useful, perhaps even a highly important, purpose in the particular structure of his theory. But I do assert that, however this may be, his notion of the novelty of that formulation, or his magnification of its importance, betrays him into a false attitude in regard to more than one cardinal question, and especially in regard to the theory of rent.

Cassel on Rent

Cassel's chief quarrel with the usual doctrine of rent relates to the part played in it by the idea of the margin; and I will begin by quoting the passage in which his position on that point is most simply expressed:

> In general the explanation of ground rent as a surplus over the amount of produce of waste land is not very satisfactory. The ground rent of land of a certain quality is in its innermost nature a scarcity price, referring primarily to this land and determined by the supply of and demand for it. The simultaneous existence of worse land that may enter into competition with the better may, it is true, bring down a little the scarcity-price, but it cannot give the ground rent an entirely different nature. The one-sided stress on the differential element is apt to give the idea that the existence of inferior land is somehow essential to the ground rent of the better. As a matter of fact, this ground rent by no means depends for its existence on the presence of the inferior land; on the contrary, it is merely reduced on that account! If in any country the last quality of land used were scarce relatively to the demand, it would have to bear a rent, and this would clearly be a scarcity rent. We must insist that our theory of prices shall include a conceivable case of that kind. For the real nature of ground rent it is not an essential matter that there shall be rent-free land on the margin of cultivation. If any theory of prices essentially includes this presupposition, it is a proof that the theory is artificial; and we may be sure that, in spite of its formal accuracy, it does not reach the heart of the matter (p. 277).

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Throughout all this one sees the influence of that obsession concerning the principle of scarcity of which I have been speaking: "The one-sided stress on the differential element", Cassel tells us, "is apt to give the impression that the existence of the inferior land is somehow essential to the ground rent of the better." That impression may, indeed, have been created in the minds of schoolboys; but what economist whom Cassel needs to take into account has said or thought such a thing? That rent arises from the scarcity of good land, and from the diminishing productiveness of successive investments of capital and labor on any given piece of land, is what economists, from Ricardo's time, have not only understood but explicitly stated; what they have pointed to is not the "presence" of the poor land, but the fact of *resort* to it; and this fact has been pointed to as the *effect* and the *evidence* of that scarcity. The idea of the margin of cultivation affords, indeed, an excellent *pou sto* for the theory of rent; it has been an invaluable aid to economic thought. But that the mere *presence* in external nature of the particular bit of cultivable land exercises some kind of magic power in the production of the phenomenon of rent, few economists, I fancy, have been so fatuous as to imagine.

It is true, no doubt, that some fairly competent persons have occasionally lost sight of the fact that the margin is a sign and not a cause; that the margin itself is determined by the conditions of production, or, in a word, by scarcity. Unfortunately, errors of this kind are committed very frequently in the treatment of questions falling under any economic theory; but when this happens it is no reason for quarreling with the theory, but only for directing attention to the necessity of care in the application of the theory. Economics is a slippery science; but if the thought of its pitfalls is sometimes discouraging, it may perhaps be a consolation to recall the famous witticism of one of the masters of another science which, though slippery, has incontestably established its eminent place in the hierarchy of knowledge, the theory of Probability. "When you have calculated the probability of an error," said Laplace—or perhaps it was another of the great masters—"you have still to calculate the probability of an error in your calculation."

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But now let us take a look at what Cassel, in the passage I have quoted, offers by way of improvement on the current teaching. "The ground rent of land of a certain quality," he says, "is in its innermost nature a scarcity price, referring primarily to this land and determined by the supply of and demand for it." Of course the ground rent not only of "land of a certain quality", but even of any particular parcel of land, is determined by "the supply of and demand for it"; but in what sense is it "*primarily*" determined by this supply and demand? The very *point* of the theory of rent is to get behind the mere fact of supply and demand which everybody knows presides over this as it does over all questions of economic give and take. To say that the rent is determined by supply and demand is really no more than to say that the rent is what the owner is willing to take and can find somebody willing to give. So much as this, and much more, surely no one could have known better than Adam Smith. But in the attempt to go back of this empty truism he failed to seize the right clue. The Ricardian theory is itself extremely simple—as simple as Columbus's egg; but the moment it is apprehended there is straight walking where before there was groping in the dark. No contrast could be greater. Adam Smith ascribes rent to a bountifulness of nature which belongs in a peculiar way to land; he regards rent as payment for the actual *physical addition* which this bountifulness makes to the *produce* of man's own efforts. Ricardo denies that there is anything distinctive about nature's cooperation with man in the case of land; he insists that the essential fact is not the bountifulness but the limitation of that bountifulness, both as to the extensive and the intensive use of land; in a word that it is not the generosity but the niggardliness of nature that gives rise to rent. But as for that truism about demand and supply by which Cassel sets such store, it fits the one view precisely as well as the other—a further indication, if any were needed, of its utter emptiness.

To insist upon an obvious, undisputed, and vacuous truism as an improvement upon a standard doctrine which has proved the fruitful source of a great body of sound economic thinking

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would be, in itself, a sufficiently regrettable proceeding. But, as so often happens in such cases, the mischief of criticism of this kind does not end with its futility. It is apt so to tincture the thought of its proposer as to cause him to fall into errors which it is difficult to believe that he would otherwise have been in any danger of committing.

And such is the case in the present instance. "We cannot," says Cassel, in the sentence introductory to the passage above quoted, "take the surplus of the produce of the rent-bearing land over that of the rentless land as an independent determining factor of ground-rent; because the extent of cultivation, and therefore the position of the margin of cultivation, and quality of the rentless land, is just as much determined by the ground rent as *vice versa*." Over Cassel's denial that the margin is an "independent determining factor of ground rent" there is no occasion to quarrel; except that to make this denial is to knock down a man of straw. Nobody, so far as I know, has ever called the margin an "independent" factor; few things in economics are "independent", and certainly the margin is not. The margin, as everybody from Ricardo down has always known and said, depends upon the degree of disadvantage at which, as a result of the state of demand on the one hand and of the possibilities of supply on the other, production can be carried on and yield the ordinary returns to the producer. But while the denial itself is open only to the objection that it is unnecessary, the reason which Cassel gives for the denial is wrong, and wrong in a very bad way. For in no sense that is relevant to economic theory is it true that the position of the margin is "just as much determined" by the rent as the rent is determined by the position of the margin.

There are, so far as I can see, only two meanings which can be attached to this assertion of Cassel's. On the face of the matter, he might be supposed to mean substantially the same thing as he means by the proposition I have already discussed —the proposition, namely, that the margin is not "an independent determining factor"—or, let us say, a primary cause —of the rent; in that case what the assertion would signify is that, as a matter of mere mathematics, the position of the mar-

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gin could be inferred from the ground rent instead of the ground rent being inferred from the position of the margin. But though in some sense this may be true, to insist upon it as an objection to the Ricardian theory of rent would be about as perverse as it would be to object to the Copernican view of the planetary motions because the Ptolemaic view can, by a sufficient apparatus of cycles and epicycles, be made to fit the facts as well as the Copernican.

But, although there are indications that something of this very perversity of thought had its influence in the matter, yet it is quite plain that this is not the meaning which Cassel intended to convey by the assertion which I am criticizing. What he had in mind was something very different. In passages both preceding and following the assertion, he dwells on certain complexities connected with the utilization of land, and especially on the fact that the same piece of land is capable of being put to various uses; and, though he does not expressly say so, it is evidently upon this fact and upon these complexities that he bases the assertion that the margin is "just as much determined" by rent as the rent by the margin.

Let us look at two of these passages. The first of Cassel's observations along this line is as follows:

> The worst land taken up for agricultural purposes then has no rent, and the rent of the better land is conceived, in harmony with Ricardo's formula, as the difference between the amount of produce that can be obtained with the same application of capital and labor on this land and on rent-free land. However, this generally accepted theory of ground rent leaves a good deal to be desired in the way of clearness. It remains indeterminate how much land in both cases is to be cultivated with the given outlay of capital and labor. We might suppose that the comparison refers to two pieces of land of the same acreage. But that is impossible because, as a rule, the area that would be suitable in one case for the given amount of capital and labor would be unsuitable in the other case. It is clear that we must take into account the fertility of the two qualities of land, and that in both cases we must choose the best combination of acreage and use of capital and labor. Which is the best combination cannot be settled as

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> regards the better rent-bearing land until the rent (or—which comes to the same thing—the price of the product) is given. This apparently very simple conception of ground rent as a differential rent is thus rather complicated by the simultaneous action of the principle of substitution. It seems that we shall not get very far with the difference of product of the better and the worse land as the determining factor of ground rent (p. 276).

Perhaps "the generally accepted theory of ground rent leaves a good deal to be desired in the way of clearness"; but this criticism of it is certainly anything but a shining example of that quality. However, when one has carefully read the passage two or three times, one can hardly fail to get at its meaning. Cassel's objection, if it amounts to anything, amounts to this: that there is nothing in the Ricardian formula which would show what considerations determine, in the case of any particular piece of land, how much labor and capital it would pay to devote to its cultivation. But the determination of this question is no more a part of the theory of rent than the determination of the relative advantages of steam or electricity is part of the theory of capital and interest. The use of the land in the most profitable way current at the time is *assumed* as the basis of the theory. Everybody knows that the assumption is not always fulfilled; and everybody knows too that the rent actually paid to the landlord is not always the economic rent with which the theory is concerned.

But the objection is not only perverse to its essence; it also includes a vital error in its presentation: "Which is the best combination," says Cassel, "cannot be determined until the rent (or—which comes to the same thing—the price of the product) is given." Certainly the best combination cannot be determined until "the *price of the product is given*"; but that is not the same thing as, but on the contrary a very different thing from, saying "until the rent is given." The price of the product determines alike the use of the land and the rent of the land. That the price of the product determines rent, as it determines the margin, every economist states; and of course it determines it by determining the use of the land. But to say that the *rent* determines the use of the land is to get away en-

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tirely from the true process of causation. In doing so, one suspects that Cassel has fallen into the familiar error of "the man in the street," who thinks that high rent is the cause of high price instead of high price being the cause of high rent. And, although what Cassel has in mind is something far more complex and recondite, this is, in essence, precisely what he has done; as will appear from an examination of the second of the two passages to which I have referred above:

> Now let us come a step nearer to reality by considering the fact that agriculture can obtain many different products on the same land. The worst land on which wheat is grown has a rent, because it could be used for growing other things, such as potatoes. The classical theory was never able to give a quite satisfactory explanation of this. Certainly the thesis that ground rent is not a part of the price of the product may even here be formally maintained. We have only to suppose that the application of capital and labour in growing wheat is, in accordance with the principle of substitution, pushed to the limit of the profitable. Here we see very clearly that a theory which thus turns on the margin of cultivation must lose an essential part of the real content of the pricing problem. The economic significance of a pricing of the factors of production comes out most clearly in the uniform regulation which it secures of the demand for the various products that are made with the aid of these factors, and in the most economical use of the factors which this implies. Hence the ground rent has the very important aim in the pricing process of restricting uniformly (relatively to the demands for the utility of the land) the demands for the various products of the land, and thus of regulating the use of the land for different purposes. This function the ground rent discharges by forming an integral part of the cost of production of every product that is obtained from that land. A number of different agricultural products compete for the use of one and the same land. The fact that this land yields a certain rent when it grows potatoes is not without bearing upon the price of wheat. On the contrary, the ground rent, since it must be the same in every branch of production, has a uniform significance for the prices of all the products of the same piece of land. It seems impossible to get a definite idea of these very important processes and connections unless, as we have done

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here, we take the ground rent as an equal factor of the pricing process together with the other prices (pp. 278–279).

In this passage there are almost as many perversities as there are sentences. I must content myself with commenting upon just one of them. Cassel says that "the worst land upon which wheat is grown has a rent"; and this alleged fact he explains on the ground that "it could be used for growing other things, such as potatoes." Now I am quite at a loss to imagine what reason he has for stating that "the worst land on which wheat is grown has a rent," as a fact; but, granting that it *is* a fact, it is a fact wholly without significance for economic theory. It can be due only to some physical or topographical peculiarity of wheat lands which makes the variation in the advantage offered by various specimens of such lands less *continuous* than is the case with lands in general; and if there be such a peculiarity, this is a fact of natural history which may be interesting to agriculturalists, but with which economic theory has no more concern than with any of a thousand other miscellaneous facts of natural history.

Cassel, however, not only makes his statement about the rent of wheat lands as a fact, but assigns a reason for the fact. Now while the allegation of fact may possibly be correct, the reason assigned for it is manifestly false. If all land on which wheat is grown has a rent, it is certainly *not* because "it could be used for growing other things, such as potatoes". Cassel evidently means that if this worst wheat land were used for growing potatoes it would yield even less of a net return than it does when used for growing wheat; and he thinks that the wheat land must yield a rent because of the excess of the return of its *actual* use over that of other *possible* uses. But this, if we are not to be dainty about our choice of words, is sheer nonsense. The land commands whatever rent it does because of the gain that can be got from its best utilization; the fact that there are less remunerative uses to which it might be put has absolutely nothing to do with the case. If you once let yourself in for such nonsense, you might as well go on to say that the potato land must command a rent because it might be used

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for grass; or, for that matter, that grass land must command a rent because you might, instead of using it for grass, let it lie idle altogether. Grass is better than nothing, potatoes are better than grass, wheat is better than potatoes, let us say; but what reason is there for supposing that if the worst land used for wheat were used for potatoes, it would yield a return sufficient even to compensate the capital and labor employed upon it?

I cannot enter into any further detailed examination of this singular passage. But I shall endeavor to state in simple language the general purport of it—not an easy task, I admit, but one which will be rendered more possible by contrasting the view of rent that it embodies with the standard view which it is intended to displace.

In that standard view of rent, no attempt is made to distinguish between the different possible uses to which a given piece of land can be put; but it is assumed—usually, to be sure, tacitly assumed—that the land is utilized to the best possible advantage. Nor is there usually any account taken of the various parts—different in kind or quality—of which any particular tract or farm is made up; it goes without saying that the rent of the whole farm is the sum of the rents—varying all the way, probably, from zero to the maximum—which each separate part is fitted to yield. All this being understood, the economic rent of the farm is, according to the standard theory, the excess of the aggregate return which is obtained by the farmer over that which would be obtained by the application of the same (or an equivalent) amount of labor and capital to the production of the same things upon those lands on which they are respectively produced at the greatest disadvantage—or, to use the standard term, at their respective margins of cultivation. This is, indeed, so evident that it may, with little or no exaggeration, be called a truism; yet the clear recognition of this truism has made all the difference between light and darkness in a large part of the entire domain of economics.

But no, says Cassel; the question of the various possible utilizations of the same piece of land, instead of being passed over as a thing that takes care of itself, and with which the

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theory of rent has nothing to do, is the very essence of the matter. To the individual farmer, he insists, rent is part of the cost of production; whether he grows potatoes or wheat upon a given piece of land, he still has to pay, or, what is the same thing, to reckon in his accounts, the same rent for the land. So far, so good. "A number of different agricultural products compete for the use of the same piece of land"; very well. But then: "the fact that this land yields a certain rent when it grows potatoes is not without bearing upon the price of wheat"; but why, in Heaven's name, why? Well, Cassel goes on to tell us: "On the contrary, the ground rent, since it must be the same in every branch of production, has a uniform significance for the prices of all the products of the same piece of land." The only meaning that can be attached to this, so far as I can see, is that "the prices of all the products of the same piece of land" are determined by the cultivator of that particular piece of land allocating to each product its cost of production, including its proportional share of the rent. This gets rid of the margin with a vengeance; it isn't the price of wheat at Liverpool, determined by the cost of production at the margin (including of course transportation), which determines the price the Kansas farmer gets for his crop, and therefore the rent of his land—oh no, the rent is there to begin with, and the real question with which economic theory should be concerned is what the Kansas farmer had better do with his land in order to be able to pay the rent!

This seems so absurd an error for a man like Cassel to have committed, that although there seems to be no possible escape from the conclusion that this is just what he has done, one hesitates to accept that conclusion without some confirmatory evidence. Such evidence is furnished, however, by a remark upon which I have already commented at considerable length. When Cassel says that "the worst land on which wheat is grown has a rent because it could be used for growing other things, such as potatoes," he is thinking of the individual farmer with his field before him, deciding whether he shall raise wheat or potatoes upon it. The land is better than land on which potatoes only can be grown; therefore, says Cassel,

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it *must* yield a rent. It does not seem to occur to him that the land may be so remote from the market that potatoes could be grown on it only at a loss; he forgets the idea of the margin altogether. Truism or not, that idea is a very useful one; and if Cassel had kept it in mind, instead of conjuring up fantastic objections, he might have spared himself the labor of spinning, and his readers that of following, the intricate futilities which he has sought to substitute for the fruitful though simple ideas of the standard theory of rent.

Cassel on Interest

In his book, published in 1903, on *The Nature and Necessity of Interest*, and also in his recent comprehensive treatise, *A Theory of Social Economy*, Cassel makes a notable contribution to the theory of capital and interest. Of that contribution the most valuable feature, in my judgment, lies in his insistence upon the vast possibilities of *demand* for capital in the shape of highly durable goods (houses, bridges, tunnels, etc.) as distinguished from the demand for capital required for carrying on the process of production. Something will be said about this in the course of the following remarks; but the main object of them is to point out two cardinal defects in Cassel's treatment of the subject. The first of these defects pertains to his criticism of other economists; the second vitiates a certain constructive argument of his concerning the *supply* of capital—an argument which he regards as of commanding importance and of absolutely conclusive force.

It happens that we can best introduce the discussion of both these points by considering a passage which occurs not at the beginning, nor the middle, but at the end, of the discussion of the subject in the *Theory of Social Economy*:

> We have repeatedly pointed out that a theory of interest must necessarily be quantitative. It must not only explain why there is interest, but why it is generally about the level which we actually find. The two explanations cannot be distinct: the existence of interest is due to the same forces as those which account for the actual rate. A theory of interest must, therefore—to define

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the problem properly—explain why interest is reckoned in so much per cent., and not in so much per mille. Why does it fluctuate between 3 and 4 per cent.? Why not 3 or 4 per mille? A theory of interest that suits either of them, is, strictly speaking, no theory of interest. We have already answered the question. The duration of life is one of the chief factors. At first sight there is nothing self-evidently or *a priori* probable in the fact that the rate or interest varies between 3 and 4 per cent. But if we take the number of years' purchase of a fixed annuity instead of the rate of interest, we may characterise the actual rate of interest by saying that a perpetual annuity is paid at twenty-five to thirty-three times the annual value. When the matter is put in this form, we suspect at once that there is some connection between the rate of interest and the duration of human life. Men at the age when they have control of their own capital cannot, as a rule, count upon more than twenty-five to thirty-three years of life, and will, therefore, not generally sacrifice much more than twenty-five to thirty-three years of returns to secure a perpetual annuity. The man who thinks an interest of 1 per cent. possible is really supposing that, for instance, an estate with a net return of £10,000 would be bought for a million! But the millionaire, by consuming his million, can do very much better for his remaining years than buying an income of £10,000 a year. It is quite impossible to suppose that on the present duration of human life absolutely durable goods would find purchasers at a hundred, or even fifty, times the price of their annual returns. An interest of 1 per mille would only be possible if people were disposed to save up £100,000 and then throw it away to get an annuity of £100. That sort of economising would only suit a Methuselah (p. 247).

Now, I submit that there is here a certain perversity at the very outset. Surely it cannot be asserted as a general proposition that an economic theory—whether of interest or of anything else—*must* be quantitative in the sense here laid down. Quantitative in some sense, to be sure, any theory of interest must be, in the sense, namely, that it must be concerned with factors that *bear* on quantity—that tend to make the rate of interest higher or lower. But why is it an essential requirement of a theory of interest that it shall account for the actual

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range within which the rate of interest has been found to be confined? No such requirement is laid upon the theory of other economic phenomena; why is it so imperatively insisted upon in this case?

The explanation is not far to seek. It is not merely that Cassel thinks he has demonstrated that the normal rate of interest cannot possibly become zero, and that it must always remain of a magnitude bearing a pretty respectable proportion to the rates with which we are familiar. He would hardly assert that a theory which can be reconciled with a rate of interest of 3 per mille as well as of 3 per centum "is, strictly speaking, no theory of interest" solely on the ground that a survey of *all the various elements* entering into the situation shows that a fall in the rate of interest must, as a matter of fact, be checked at something like 3 per cent. If this were all, the most that it would be natural to say is that the theory is *incomplete* unless it covers this point; that here is a theorem which is of fundamental importance and which economists have failed to recognize.

Cassel does, indeed, bring to bear upon the question a number of miscellaneous considerations; but it is not only, and not chiefly, upon the mass of *elements of all kinds* entering into the situation that Cassel rests his case; he rests it chiefly on the specific connection which he discerns between the rate of interest and the natural length of human life. That, he finds, is the real key to the situation, the real crux of the problem. When a man has discovered a specific thing which quantitatively determines a phenomenon, it is natural enough for him to declare that any theory which does not recognize this is not, strictly speaking, a theory of the phenomenon at all.

Although Cassel speaks somewhat cautiously when he says of the duration of human life that it is "one of the chief factors," he evidently regards it as a factor so dominating that, for any essential purpose, other factors need not be considered. "An interest of 1 per mille," he says, would only be possible if people were disposed to save up £100,000 and then throw it away to get an annuity of £100." Such an assertion can obviously be justified only on the supposition that the relation

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between the rate of interest and the length of human life is so nearly the whole case that other factors are of no serious consequence.

Before examining more closely the merits of this contention, let us observe first of all that, whatever else Cassel may have said in support of it, he winds up with a *reductio ad absurdum*, which he evidently regards as the triumphant climax of his argument. Unfortunately for his case, however, that *reductio ad absurdum* will not bear examination. There is no reason in the world, even now, why a man who is interested solely in his life income should buy "a perpetual annuity"; and certainly that would not be the case if the difference between the purchase price of a "perpetual annuity" and that of a life annuity were vastly greater than it is at present. Given "an estate with a net return of £10,000" the man who wished to secure that income either for life or for a fixed term of years would buy not the estate but the right to its income for a limited term. If the idea of investment in the shape of permanent possession of income-bearing property is more familiar to us than that of investment in the income of that property for limited terms, this is due in part to the fact that the vast majority of people are substantially interested in preserving the capital intact for their heirs or other successors, and in part to the fact that with interest at its present level the increase of income that would come from relinquishing the capital at the end of a considerable term of years is not extremely great. If the rate of interest were to fall not to one per mille but even to one per cent, the inducement to purchase annuities rather than perpetual possession would be so greatly increased that resort to annuities would be incomparably more common than it is now. Cassel himself insists upon this when he is discussing in detail the effect of a fall in the rate of interest upon the supply of capital, or "waiting"; yet he loses sight of it altogether when he advances this *reductio ad absurdum* argument. If the *reductio ad absurdum* were sound, all the rest of Cassel's argument for the "necessity of interest" would be superfluous; the thesis could be proved by simply pointing out that if the rate of interest were zero, the man who wished to "buy an income

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of £10,000 a year—or of £1 a year—would have to pay an infinite price for it. Which, I take it, is very nearly a *reductio ad absurdum* of his *reductio ad absurdum*.

At the bottom of Cassel's error in this matter lies an unwarranted assumption. He tacitly assumes that the rate of interest must adjust itself to our present habits of investment, instead of perceiving that our habits of investment would necessarily adjust themselves to the rate of interest. If interest fell to a very low point, and consequently multitudes of those persons who are concerned chiefly with providing an income for themselves during their lifetime would seek to acquire such income instead of, as now, getting and retaining permanent possession of income-producing property, the practical adjustments which might be necessary to facilitate this practice would become established as matter of familiar and general resort.

The fact is that, even in the present state of things, the apparatus is ready at hand by which a man may combine the purchase of perpetual ownership of durable goods with the obtaining of an income, for life or for any desired term of years, much greater than the annual return yielded by that property.

The owner of stocks or bonds of a railroad, or of marketable shares in any form of property, can if he pleases gradually dispose of his holdings in such instalments as he may find convenient. If he has £1,000,000, and has no desire connected with this fortune other than that of using it for his own purposes during twenty-five years, say, he is not reduced to the alternative of either "consuming his million" or else contenting himself with the annual interest which he can derive from a safe investment of the million. If he buys four per cent bonds with it, and sells one twenty-fifth of the bonds at the end of each year, his income will be not four per cent but an amount ranging from eight per cent to four per cent—an average of six per cent throughout the period—and he will thus combine the benefit of the consumption of his capital with that of a substantial rate of interest upon it. In like manner, two per cent bonds, gradually disposed of in the course of twenty-five years, would provide an average annual income of five per cent throughout that period. Cassel says that "it is quite im-

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possible to suppose that on the present duration of life absolutely durable goods would find purchasers at . . . even fifty times the price of that annual return," *i. e.*, upon a two per cent capitalization; whereas in reality the purchaser, if the period for which he wished to provide was twenty-five years, would, in the case supposed, enjoy an income not of two per cent, but of five per cent. To say that two per cent interest is impossible because nobody would buy a revenue-producing property at fifty times its annual return is to say that nobody would prefer five per cent for twenty-five years to four per cent for twenty-five years—which is certainly not a self-evident proposition.

When we come to the question of one per mille, we reach, of course, the region of triviality. Quite apart from any question of the duration of human life, interest at the rate of one per mille is practically the same as zero interest. But even as regards one per mille interest, or zero interest, the defect in Cassel's reasoning remains essentially the same as in the case of the two per cent interest which he has unhesitatingly declared to be impossible. There are abundant reasons, reasons which I have no doubt practically all economists consider conclusive, why interest cannot sink to zero or to a figure utterly insignificant. But the grotesque enormousness of the capitalized value of income at one per mille interest—the infinite magnitude of that value at zero interest—cannot be regarded as such a reason. If the supply of capital were great enough in comparison with the available use of it, interest would sink to an insignificant fraction or zero, and the practice of looking upon the purchase-price of a revenue-producing property as determined by multiplying its annual revenue by the reciprocal of the rate of interest would disappear altogether. In point of fact, even to-day that practice exists only because, at ordinary rates of interest, the capitalized value reckoned on the hypothesis of an income continuing forever is hardly to be distinguished from the capitalized value which would be obtained by considering the income as extending over a long period of years, say a hundred. As soon as the rate of interest fell so low that the capitalization would be substantially different ac-

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cording as the income was regarded as perpetual or as covering a long period of years (say a hundred) the calculation would be based upon some kind of commonsense estimate of the distinction between the value of an expectation to be realized at a reasonably near date and one to be realized at a date far off in the dim and distant and uncertain future. With interest at one per mille "an estate with a net return of £10,000" would be bought not at a thousand years' purchase, but perhaps at a hundred years' purchase or two hundred years' purchase; not upon any simple arithmetical computation based on rate of interest but upon broad general considerations, including consideration of what the estate would be likely to be capable of being sold for in the future; and certainly with no sort of idea of its being "thrown away," either upon the death of the purchaser or at any other time.

It would, however, be neither fair to Cassel, nor satisfying to oneself, to rest content with disposing of this final argument, however conclusive Cassel may have regarded it as being. Before coming out with this final clincher, Cassel discusses at great length the relation between the length of human life and the rate of interest. That many things which he says on this subject are interesting and valuable is quite true; but that is not the question. The question is whether he has established his contention that the rate of interest is conclusively determined by the consideration that the purchase-price of any income-bearing property must be such as to furnish, at the most important ages, a *perpetual income* not very greatly different from the *life income* that could be acquired for the same price. And the failure of his *reductio ad absurdum* argument prepares us to find that in his direct argument he has likewise fallen into error through failure to take into anything like adequate account considerations of the first moment.

Of course Cassel cannot be unaware that in the disposition of their accumulated savings a very large proportion of all people are powerfully influenced by other motives besides the desire to provide an income for themselves during their life. Yet he mentions only in a cursory manner the desire to leave

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property to children—and in many cases to others less near to oneself—which everybody knows is one of the dominant springs of action, and especially one of the chief motives for persistent saving. Both in his large book and in his earlier work, *The Nature and Necessity of Interest*, this motive is passed over very lightly.[1] Yet not only does our knowledge of human beings, in our daily intercourse with them, suffice to show how potent is this factor, but the actual facts of investment in life annuities stand out as unmistakable proof of that potency. For, even at the current rates of interest, any person past middle life could greatly increase the rate of his income from property by the purchase of an annuity; and yet how small a part of all the possessions of persons of those ages is used in that way! And, be it remembered, there are not thousands, but millions, of persons to whom the addition of twenty-five or fifty per cent to their income from property would mean the difference between hardship and ease, or between painstaking economy and the free enjoyment of many desired pleasures and luxuries. To brush all this aside is surely a curious proceeding on the part of one who is engaged in giving to the theory of interest a new completeness; a proceeding that can be accounted for only by complacent preoccupation with a single idea which is supposed to furnish the long unsuspected clue to all the mystery of interest.

Apart from this motive of the desire to provide for one's children or other survivors, there are other powerful motives for persistent accumulation that have little or no connection with the average length of the individual human life. A very large proportion of the great individual accumulations of private wealth is accounted for by the desire for power, for prestige, for display, for public munificence. How can one venture to decide offhand what would be the conduct of human beings animated by all these manifold desires when confronted with the choice between getting interest at one per cent and no interest at all?

[1] I think it is literally true that, in so far as it is taken into account at all, the reference is invariably to the provision of a *life income* for children, and never to the actual *transmission of property*.

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Thus I think it is plain that Cassel's accusation against preceding economists break down. He charges them with having failed to point out why the rate of interest is, and must of necessity be, something like what we actually find it. Cassel's supposed conclusive proof of this proposition by a *reductio ad absurdum* we have seen to be wholly nullified by a simple and definite error; and that less rigorous presentation of the case which precedes his *reductio ad absurdum* is disastrously weakened by failure to take into account elements of great, and indeed incalculable, importance as factors in the case. Indeed, I think it is not too much to say that a fair consideration of all these elements suffices to show not only that Cassel has not demonstrated his theorem but that no such theorem *can* be demonstrated. What the economists have done is to take account of the forces which tend to raise and lower the rate of interest. If they have not undertaken to declare what the net result of the operation of these forces must be, it is because the data do not warrant any such declaration.

I do not wish, however, to be understood as denying that Cassel has presented a very strong case for the proposition that the rate of interest must remain at a somewhat substantial figure and cannot come down to zero or to a rate altogether insignificant in comparison with what we have been accustomed to. But he has done this not by establishing any simple mathematical relation, or even approximate relation, between the rate of interest and the length of human life—a relation which bears upon the *supply* of capital, but by fixing attention, probably more forcibly than anyone else has done, on the limitless possibilities of the *demand* for capital. The strength of Cassel's case lies in his vigorous exposition of the thesis that no matter how rapidly we may suppose capital to grow, it cannot possibly keep pace with the demand there would be for capital if no interest had to be paid for its use. Granted this, granted that there is not enough capital to satisfy all the uses that are ready for it if no interest has to be paid, it follows inevitably that those who wish to use it must offer to its possessors the inducement of interest. I do not say that even this proposition has been absolutely demonstrated by Cassel; but he has certainly

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made out a very strong case for it. What he insists upon most fruitfully is the use of capital not only for the *process* of production (in the ordinary sense) but for the creation of *highly durable products*, such as houses, bridges, tunnels, etc. And he justly says that if no interest were to be paid for the capital absorbed in these things, the capital required for the most long-lived of them would cost the users almost nothing.

This is good sound economics: it adds to our understanding of the subject, it heightens our appreciation of an important element in it, it introduces, perhaps, a new point of view. But it is of the same general nature as the work of those who have gone before; it supplements and perhaps corrects, but it does not perversely criticize. Unfortunately, however, even this excellent constructive contribution to our understanding of capital and interest is marred by a running accompaniment of unjustified criticism.

For, although, as I have just said, Cassel presents a powerful argument in support of the proposition that the rate of interest cannot sink to zero and must indeed remain at a height bearing a respectable ratio to that with which we are familiar, he continually speaks in the tone of one who is not merely establishing a proposition which is insufficiently recognized but as one who is refuting a general belief in the contrary proposition —a general belief which does not in fact exist. "If," he says, "we wish to refute the general opinion that the rate of interest has a necessary and unlimited tendency to fall and will ultimately equal zero, we shall have to examine the probable effects of a serious fall in the rate of interest";[1] and the attitude indicated in this first remark on the subject is manifested again and again throughout his discussion, both in his earlier and his later book. Doubtless there are some authors who have expressed this opinion; but so far from its being—or having ever been—a "general opinion", either among economists or elsewhere, it is an opinion which, if I may judge from my own reading, is so rarely met with that it might better be described as an occasional speculative thought than as being in any sense a current,

[1] *Nature and Necessity of Interest*, p. 107.

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to say nothing of a general, opinion. To give the impression that economists of standing and importance have blundered into an unfounded belief of a nature at once so vital and so elementary, unless it be a fact that they have done so, is a grave offense against sound principles of criticism; and it belongs to a class of offenses of this kind which have done great and undeserved injury to the status of economic science.

Cassel's work on interest made its appearance as an English book, and not as a translation; yet neither in that nor in the later book does Cassel cite a single English economist as asserting the opinion which he speaks of as "general." The nearest approach that he makes to doing so is his mention of a footnote in Marshall's *Principles of Economics* in which reference is made to the question of zero interest, but in which, as Cassel himself points out, no such opinion is expressed as that which he makes so great a parade of refuting. How much better wonld it have been if Cassel had contented himself with demonstrating, or endeavoring to demonstrate, the proposition with which he was concerned, instead of expending so much energy upon knocking down a man of straw!

While my primary purpose has been to point out the defects and weaknesses of Cassel's attack upon the work of other economists, and while I have admitted the force and value of his positive argument, I think it will not be out of place to indicate in some measure certain deficiencies even in that argument which, in my judgment, make it fall considerably short of being conclusive.

By far the strongest part of Cassel's argument is, as I have said, that which relates to the *demand* side of the case. He insists especially on the unlimited opportunity which would present itself for the useful employment of capital in the creation of products so durable that the cost of the capital to their users consists almost entirely in the payment of interest. To this class belong such things as tunnels, bridges, houses, etc. But even with zero interest, and much more with interest at 1 or 1½ per cent, there would be a check on such utilization of capital which Cassel does not seem duly to appreciate.

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However low the standard rate of interest might sink, the person who wished to borrow capital for use in any enterprise would have to show that the *principal* was safe—that the lender could feel certain that he would get back his capital, with such interest (if any) as had been stipulated; or else that in addition to true interest (if any) he was receiving a proper compensation for risk. The way in which this consideration enters into the question of the use of capital for the creation of highly durable products is obvious. Thus a house may be built that will last a hundred years, or two hundred years; but what guarantee is there that throughout that long period it will continue to be so fitted to the demand for its use as to yield a net revenue (a revenue over and above upkeep, ground rent, etc.) sufficient to supply the annual instalment necessary for repayment of the original capital; or, for that matter, any net revenue at all? Just how serious a check this factor would be on the effective demand for capital in the creation of extremely durable products I cannot attempt to estimate; but surely it is too serious to be ignored. There are many things to which the consideration of this factor applies with far greater force than it does to houses; in the progress of invention, for example, many investments of capital in highly durable shape become antiquated and practically worthless in a very short space of time. This happened, for instance, in the case of the street-car cable system which, just before the development of electrical transmission of power, seemed to be on the point of being the definite successor to the horse-car system; and there are numberless examples of similar experience.

Put in broader and more general terms, the point that I am making may be stated thus. The demand for capital to be used in the creation of highly durable products is checked not only by the rate of *net* interest (interest such as it may be supposed to be with zero risk) but by the rate of *gross* interest (interest plus compensation for risk) which the projectors of any proposed enterprise would have to offer in order to attract the required capital. Even when net interest—interest in United States bonds, for example, in which the element of risk is supposed to be practically eliminated—even when net interest

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stands at three per cent, say, the gross interest which a railroad, or a building corporation, or almost any industrial enterprise has to pay is far greater, say five per cent; and accordingly if the rate of net interest fell to one per cent, the interest burden which the enterprise had to shoulder would be reduced not from three per cent to one per cent but from five per cent to three per cent—it would not fall to one-third of its present amount but to three-fifths of it, which is a very different matter. And still bigger would this aspect of the matter loom in those less productive uses of capital which are shut out by the more productive ones that can afford to pay the rates now current. And of course when it comes to zero interest, this consideration becomes of even more cardinal importance.

I do not wish to press this argument too far; yet I cannot refrain from pointing out that it supplies one more reason—and a very potent one—for denying to Cassel's argument against the possibility of zero interest that character of almost absolute demonstration which he ascribes to it. For not only is it true that what really happens in the world is the payment not of pure interest, but of what, though called interest, is in reality interest plus compensation for risk; but it is also true that there is no possible way of absolutely determining the share of each in the total. Accordingly, if true interest ever *did* come down to zero, apparent interest would not, in any instance, be zero, but would be greater than zero by an amount more or less substantial; and not only would this rate of apparent interest actually serve in a substantial degree to limit effective demand for capital—a point that Cassel seems wholly to overlook—but it might even happen that, like M. Jourdain with his prose, we were really living in a world of zero interest without knowing it.

By all this, however, I do not wish to be understood as expressing the opinion that such a state of things, or even a state closely approaching it, will actually arise; on the contrary I am convinced—as I have no doubt economists generally are—that it is far beyond the range of practical probability. For this conviction, as I have repeatedly said, Cassel has made out an extremely strong case; but this is a very different thing indeed

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from his contention that he has proved that zero interest is absolutely out of the question, and that the contemplation of it as a possibility is absurd.

With one more point, and this relating to the *supply* side rather than the *demand* side of the question, I will bring this long discussion to a close. Dismissing now altogether the question of zero interest, and turning back to the question of a very low rate of interest—say 1 or 1½ per cent—and its connection with the resort to life annuities, there is in Cassel's treatment an oversight which very greatly weakens its force.

In the argument to show that a very low rate of interest would disastrously lessen the supply of capital (or "waiting"), Cassel insists above all upon the fact that, with interest at two per cent or less, the temptation to consume one's capital by investing it in a life annuity would become powerful at a much earlier age than it does at present. He points out that with interest as we know it the difference between the rate of a life annuity and the rate of ordinary interest does not become great until a man reaches an advanced age, but that the case would be very different if the rate of interest stood at a much lower level. Cassel says:

> From this we may conclude that a rate of interest that offers people over fifty a strong incentive to consume their capital would greatly reduce the total supply of capital, and that a rate of interest that would lead people of forty to use up their capital must be a very serious matter for the conservation of the social capital. When the rate is 2½, income can be increased by the considerable multiple of 2.7 by people of fifty, and 3.8 by people of sixty. Such a rate would be bound to lead to a considerable consumption of capital. When the rate is 1½ per cent., the income even of people of forty can be more than trebled, of people of fifty quadrupled, and of people of sixty increased more than sixfold; and thus the owners of the far greater part of the total wealth would have a very strong, in cases an irresistible, incentive to use up their capital.

All this is both true and important. But there is a counter consideration which Cassel seems entirely to overlook. A

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man's income is not altogether a matter of *ratio*; the treble of nothing is nothing, and the treble of a little is hardly very much. Though it be true that, with interest at 1½ per cent, a man of forty could treble his income by investing his capital in a life-annuity, yet that trebled income, upon a *given capital*, would be only 4½ per cent; and if he wished to provide himself with a *given income* he might have to keep on accumulating capital for a good many years, so as to get the double benefit both of a larger principal and a higher annuity rate. I am not saying that this would result in the creation of a greater amount of capital with interest at 1½ per cent than with interest at 4½ per cent; but only that this feature of the situation is of substantial importance and that no comparison can be conclusive which does not expressly take it into account. Indeed, if one could be content with inferring the whole of a case from a single aspect that happened to strike one's mind as predominant—and this is pretty nearly what Cassel has done—why might not one turn the tables on Cassel with an argument to precisely the opposite effect of his, starting with the supposition of a state of things in which 1½ per cent was the actual prevailing rate of interest? "If the rate of interest were raised to 4½ per cent," one might say, "why should a man trouble to accumulate capital after he has reached the age of forty or fifty? With interest at 1½ per cent, as at present, he keeps on accumulating, for the sake of providing for himself and his heirs an income sufficient to satisfy his aspirations; but it is very seldom that he more than trebles his capital; and his capital would be virtually trebled if the rate of interest were trebled." The raising of the rate of interest from 1½ to 4½ per cent might thus, with considerable plausibility, be shown to forebode a disastrous checking of the accumulation of capital.

In conclusion, I wish to repeat that what I have said in criticism of Cassel is by no means intended as constituting an estimate, or anything like an estimate, of the value of his work. However great its merits, I have had no hesitation in pointing out demerits which to me appear gross and palpable. In doing so my prime motive has not been to make these particular

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criticisms, though I cannot help thinking that they are intrinsically of some importance. My chief object has been to show, by an illustration so conspicuous, and in the case of a man so deservedly eminent, how unjust and how mischievous is a large part of the criticism that is habitually leveled at the standard economists of the past. And perhaps it may not be amiss to say that in this I might put in a plea of justification—if such a plea were needed—by pointing to Cassel's own example. Böhm-Bawerk is, or was in his time, fully as big a man as Cassel; but Cassel, in the historical introduction to his *Nature and Necessity of Interest*, sets Böhm-Bawerk down with a vigor and forthrightness which leave nothing to be desired — not even by those who, like myself, have always looked upon Böhm-Bawerk's portentous volume of criticism of theories of interest as being little more than a gigantic mare's-nest. In pronouncing it to be just that — though he does not use this particular epithet—Cassel is as downright in his language as he thinks the occasion requires. I enjoyed this part of Cassel's book on interest so keenly, and found in both of his books so much that was instructive and illuminating, that I felt really grieved to discover that he himself had in more than one important instance fallen into somewhat the same kind of error as that which in Böhm-Bawerk aroused his unsparing censure, and which, accordingly, Cassel cannot object to finding plainly pointed out and frankly criticized in his own case.

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THE COST OF TAX-EXEMPT SECURITIES

THE securities of states and municipalities and certain of the issues of the federal government and its agencies are exempt from the income tax. This policy has been followed for non-economic as well as economic reasons. The immediately controlling factor is the doubtful constitutionality of a tax on income derived from state and municipal bonds. The Sixteenth Amendment specifies that "Congress shall have power to lay and collect taxes on income, from whatever sources derived . . ." It is claimed, however, that the amendment was ratified only after specific promise had been given that the phrase, "whatever sources", should not be interpreted to include state or municipal securities. If such income is to be taxed without breach of faith, it is usually thought that further amendment of the Constitution is necessary.

The fundamental basis of the present policy is economic rather than political. There is a certain nice sanctity in the sovereignty of the states. However, it is doubtful if the sentiments which are aroused by this political concept would be adequate of themselves to maintain exemption. In regard to the taxation of government property and salaries it has been regarded as useless to take money from one pocket through taxation merely to return it to the other. In the case of federal taxation there is the added feature that the dollar would be taken from the state and returned to the federal government. Tax exemption is also adopted as a subsidy or benefit to achieve some desired social end. Farm loan bonds were given exemption from the income tax in order to give the farmers the benefit of money at the lowest possible rate of interest. The extension of exemption to new types of securities is desired for a similar reason. The Land Bank of the State of New York is an institution designed to increase the funds of the savings and loan associations through the sale of its bonds against their mortgages. The bank has been quite ineffective

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because of the difficulty of selling its bonds at a rate which makes "rediscounting" attractive. The manager, in discussing the marketability of the bonds of his institution with the writer, said in effect: "If we had tax exemption, our market would open up. We cannot sell bonds in large quantities without exemption unless we raise the rate of interest to a point at which the savings and loan associations will not borrow from us. We will throw large sums of cheap money into housing, if we get tax exemption."

Tax exemption would have no logical defense if it were not for its supposed economy. The common argument against it to-day is that it encourages wasteful or at least "unproductive" expenditure by municipalities. The following study is an attempt to measure quantitatively not any indirect encouragement to municipal extravagance but rather the wastefulness and extravagance of this indirect subsidy. How much money is saved on interest by the issuing agencies? How much is lost to the federal government in taxes? What is the net balance of profit or loss?

The Market Value of Tax Exemption

Obviously, the first step in such an analysis is to determine by how much tax exemption has reduced the rate of interest on exempt securities. The basis of measurement for the market value of tax exemption has been the change in the relative yields of sixteen railroad[1] and sixteen municipal bonds from 1911 to 1924. The securities are all rated Aaa in *Moody's*. The high rating was used to minimize the influence of changes in credit rating. The bonds all ran for long periods. In the case of railroads the same bonds were used in both 1911 and 1924. In the case of municipalities it was not always possible

[1] In addition a sample of nine public utility Aaa bonds were studied. As a group public utility bonds so improved in credit rating from 1911 to 1924 that they indicate that tax exemption has negative value. This is obviously absurd. This additional sample, however, indicates that if there is any error in the estimate of market value of exemption it is in overestimating the value. As this article is based on the discovery of a low market value, it is perfectly allowable to reject facts that seem to prove the point too strongly.

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TABLE I

YIELD TO MATURITY ON SIXTEEN RAILROAD AND MUNICIPAL BONDS

1911 and 1924

Railroad	Issues	1911	1924	City	Issue 1911	Issue 1924	1911	1924
Buffalo, Rochester & Pittsburgh	1st Gen. 5, 1937	3.89	4.79	Augusta, Ga.	4, 1934	Flood 4½, 1942	4.31	4.30
Carolina, Clinchfield & Ohio	1st 5, 1938	5.16	5.04	Baltimore, Md.	Park 4, 1955	do	3.94	4.19
Central Railroad of N. J.	Gen. 5, 1987	3.89	4.57	Buffalo, N. Y.	4, 1960	4½, 1944	4.02	3.95
Chesapeake & Ohio	Gen. Mfg. 4½, 1992.	4.44	5.25	Camden, N. J.	Dock 3½, 1930	School 4½, 1943	4.11	4.16
Group 1		4.35	4.91				4.09	4.15
Hocking Valley	1st Con. 4½, 1999	4.36	5.23	Cleveland, O.	Park 4, 1929	Water 5, 1936–68	3.93	4.32
Lehigh Valley	Gen. con. 4, 2003	4.14	5.19	Danbury, Conn.	3½, 1941	Water 4, 1946	4.22	4.21
Michigan Central	1st 3½, 1952	4.32	4.97	Des Moines, Ia.	City Hall 4, 1914–26	Water 4½, 1932–42.	4.09	4.18
Pennsylvania	Con. 4, 1943	3.77	4.67	Detroit, Mich.	Park 3½, 1930	Pub. Lib. 4½, 1948.	3.78	4.28
Group 2		4.15	5.01				4.00	4.25
Atchison, Topeka & Santa Fe	Gen. Mtg. 4, 1995	4.06	4.59	Kansas City, Kan.	Water 4½, 1939	Water 4¾, 1944	4.25	4.35
Atlantic Coast Line	1st Con. 4, 1952	4.33	4.74	Louisville, Ky.	Sewer 4, 1947	do	3.98	4.09
Baltimore & Ohio	1st Mtg. 4, 1948	4.10	5.13	Lynn, Mass.	3½, 1932	do	4.28	4.28
Delaware & Hudson	1st Ref. 4, 1943	4.09	5.04	Minneapolis, Minn.	School 4, 1935	School 4¼, 1941	4.06	4.17
Group 3		4.15	4.88				4.14	4.22
Illinois Central	1st Gen. 4, 1951	3.98	4.70	Newark, N. J.	Ref. 4, 1923	4½, 1944	3.95	4.13
New York Central	3½, 1997	4.10	4.80	Philadelphia, Pa.	3½, 1934	3½, 1934	3.88	4.13
Norfolk & Western	1st Con. 4, 1996	4.09	4.59	Rochester, N. Y.	4, 1922–27	Mun. 4½, 1945	4.03	3.95
Union Pacific	1st & Ref. 4, 2008	4.16	4.82	St. Louis, Mo.	Pub. Imp. 4, 1928	Bldg. 4½, 1935	3.92	4.16
Group 4		4.08	4.73				3.94	4.09
Average Yield of 16 Bonds		4.18	4.88				4.04	4.18

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to find quotations for the same bond in both periods, or the bond selected in 1911 had approached too near to maturity in 1924 to be quoted on a long-term basis.

In Table 1 the yields of these thirty-two bonds are presented. The 1924 yield is the average of the bid and asked prices quoted in the July-December *Supplements* of the *Commercial and Financial Chronicle*. The 1911 yield is an average for the year. In June, 1924, the income-tax schedule was adopted by Congress and prices quoted after that date are the best measure of the value of exemption under the 1924 schedule. The year 1911 is taken as representative of conditions before the adoption of the income tax. The average yield of all these securities is given; the railroads yielded 4.18 per cent in 1911 and 4.88 in 1924; the municipals, 4.04 and 4.18 respectively. Within the table an arbitrary alphabetical grouping has been used to break the table into four parts.

In Table 2 the average yields for each of the subdivisions of Table 1 are analyzed to show the market valuation of tax exemption in 1924. In 1911 the particular sample of thirty-two bonds had an average yield for municipals of 4.04 per cent and for railroads of 4.18. Railroad bonds yielded 3.5 per cent more than municipals. In 1924 the former yielded 16.8 per cent more than the latter. The difference in the credit rating of the two groups over and above that due to tax exemption must be eliminated by considering the 1911 relationship, 103.5, as a base. Because of tax exemption, therefore, taxable securities yielded 12.9 per cent more than non-taxable issues of equal credit standing; i. e., 116.8 divided by 103.5 gives 112.9 as the quotient.

The division into sub-groups indicates the homogeneity of the average results. The original sample was selected at random in the sense that the yields were not known. The alphabetical arrangement of the sub-groups is wholly at random. Each of these groups of eight bonds, however, results in an estimated value of tax exemption that is very near the average of the whole sample; the lowest value is 11.1 per cent, the highest is 15.4, and the probable error of these values which average 13.0 is $\pm$1.1 per cent.

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TABLE 2

YIELD TO MATURITY OF THIRTY-TWO BONDS AND THE VALUE OF TAX EXEMPTION

1924

Group Number Table 1	(1) (2) Yield 1911		(3) (4) Yield 1924		(5) (6) Ratio of Rails to Municipals		(7) Ratio 1924: Ratio 1911
	Railroads	Municipals	Railroads	Municipals	1911	1924	
1	4.35	4.09	4.91	4.15	106.4	118.2	111.1
2	4.15	4.00	5.01	4.25	103.7	117.9	113.7
3	4.15	4.14	4.88	4.22	100.2	115.6	115.4
4	4.08	3.94	4.73	4.09	103.5	115.7	111.8
Aver..	4.18	4.04	4.88	4.18	103.5	116.8	112.9

The probable error of 1.1 may be somewhat too low. The average value is reasonably accurate and would probably not be materially altered by the use of a larger sample. It will be noticed in Table 1 that while all of the bonds enjoy a high credit rating their relative yields have changed from 1911 to 1924. Lehigh Valley general consolidated 4s yielded 25 per cent more in 1924 than in 1911 and Rochester bonds 2 per cent less. It seemed probable that a random combination of rails and municipals would result in an increased spread of the averages; i. e., if a rail had increased in credit rating and a municipal decreased, the apparent value of tax exemption would be low and *vice versa*. The two series of rails and municipals were therefore paired in a descending order from the rail and municipal whose yield increased most to the two which increased least. The order is more arbitrary than that used in Table 2. However, the fifteen[1] pairs give a broader base on which to measure probable error than do the four sets in

[1] Carolina, Clinchfield & Ohio was dropped. There was a great change in its credit rating. It should not be part of the original list. Having once included it, the writer did not wish to drop it and thereby make the selection other than random.

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Table 2. The mean of all values found for tax exemption was 13.4 per cent, the low was 3.3 and the high 16.5. Seven of the pairs showed values of 14.3 to 15.0 per cent. The probable error is ±2.2. The median was 14.5 per cent.

In 1924 the mean shows that securities which were taxable yielded about 13 per cent more than those which were exempt from income tax or, conversely, exempt securities yielded about 11.5 per cent less than taxable ones. The median values found above were 14.5 and 12.5 respectively. For reasons[1] that will be discussed elsewhere the writer believes the latter figures to be more nearly correct. As this paper will clearly show that tax exemption is uneconomic and involves a large loss to the government so long as the principle of progressive taxation is applied, it is undesirable to take the minimum figure that the averages might warrant. One may concede the difference between a possible value of 13 per cent and 14.5 per cent and still build an overwhelming case against the proponents of tax exemption.

The Cost of Tax-exemption

The Bureau of Internal Revenue has reported[2] for the first time the amount of wholly and partially tax-exempt securities

[1] In this paper the writer wishes merely to establish the fact that tax exemption is capitalized at so low a figure as to involve a large net loss to the agencies of government. The fact is itself important and the quantitative demonstration may shed new light on the problem of dealing with tax-exempt securities. The statement of fact at once raises two questions: Why is it? and What about it? The first can be only partially answered by existing facts. It is the writer's opinion that the margin is determined by institutional buyers who are subject only to a corporate tax and that they must set the price because the volume of tax-exempt securities is so large that the individuals in the upper brackets cannot buy up all outstanding securities. The second question is one for tax experts to decide. The writer does not pose as such. He hazards two suggestions: if purely economic reasons are to control, tax exemption should be abolished either through constitutional amendment or through the purchase of abolition by a rebate from the federal government to the states.

Neither of these questions will be discussed in this paper. The writer does not wish to open the statement of fact to attack because it may be that his explanation is incomplete or because competent analysis of his suggestions proves them to be impractical or shallow.

[2] *Statistics of Income* (Preliminary Report): Returns of Net Income for 1924 Filed by Individuals: Table 3, pp. 12-13.

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owned by persons, and the interest received by income classes. The amount of wholly tax-exempt interest[1] has been totaled for each income class. This amount actually received is given in Table 3, Column 2. This figure has been increased by 14.5 per cent to show the amount that would have been paid had there been no exemption (Column 3). To any specific income class, however, exemption on the marginal income is worth the amount of the tax: i. e., the interest on a non-exempt basis multiplied by the sum of the normal and surtax rates.[2] These rates[3] are given in Column 1. If each income class fully capitalized the value of tax exemption, the interest which it received would be the amount of the non-exempt interest (Column 3) multiplied by 100 per cent minus the rate of tax. This fully discounted interest is given in Column 4. The difference between the actual interest (Column 2) and this fully discounted amount is the net loss or gain to government (Column 5).

The two significant columns in Table 3 are 5 and 6. In Column 5 the aggregate profit or loss to the agencies of government is given. The total net loss is $34,000,000 on interest

[1] No total is given in the report. The classification in the report is "Obligations of states and territories or political subdivisions thereof or the District of Columbia"; "Securities issued under the Federal farm loan act"; "Liberty 3½ per cent bonds and obligations of the possessions of the United States."

[2] There is also an irregular exemption from state income taxes. These taxes are small in comparison with those of the federal government. Furthermore, any measurement of the general influence of the state exemption is extremely difficult. New York state, for example, exempts its own securities and those of its political subdivisions, but not the bonds of any other state. This tax is not the same in all states, whereas the prices of securities are fixed in a national market. In so far as such exemption is a factor determining the price of securities, it would strengthen the conclusion of this study.

[3] The income statistics are given by classes that occasionally overlap tax brackets in the law. For example, the normal and surtax on incomes of $50,000-$52,000 is 24 per cent, of $52,000-$56,000 is 25 per cent, of $56,000-$58,000 is 26 per cent and of $58,000-$62,000 is 27 per cent. Income is reported for the class of $50,000-$60,000. In such cases the tax on the mid-value is assumed to apply to the entire group. This may be somewhat too high, for the aggregate incomes of $50,000-$55,000 are probably larger than those of $55,000-$60,000. The error, however, is of technical rather than practical interest.

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payments that are now $162,000,000 and would be about $186,000,000 if there were no exemption. In Column 6 the loss is expressed in relative figures. For every dollar of taxes surrendered by the government, the individual holders of the exempt securities forego 40.8 cents in interest. The loss on each dollar of exemption is on securities held by individuals 59.2 cents.

TABLE 3

ACTUAL INTEREST RECEIVED BY PERSONS FROM WHOLLY TAX-EXEMPT SECURITIES, HYPOTHETICAL AMOUNTS IF SECURITIES WERE NON-EXEMPT OR IF EXEMPTION HAD BEEN FULLY CAPITALIZED, AND NET LOSS TO GOVERNMENT

CLASSIFIED BY NET INCOME GROUPS

Preliminary Statistics of Income 1924, Bureau of Internal Revenue

Income Class	(1) Normal and Surtax Rate	(2) Interest (000 Omitted) Actual	(3) Interest (000 Omitted) Non-Exempt [1]	(4) Interest (000 Omitted) Fully Capitalized [2]	(5) Net loss to Government (000 Omitted)	(6) Ratio of Saving in Int. to Gross Loss in Taxes
$500,000 and over.	46	$22,814	$26,122	$14,106	$8,708	27.4
300,000–500,000..	45	11,368	13,016	7,159	4,209	28.2
200,000–300,000..	44	12,892	14,761	8,266	4,626	28.8
100,000–200,000..	43	26,849	30,743	17,524	9,325	29.5
90,000–100,000..	41	4,137	4,737	2,795	1,342	30.9
80,000– 90,000..	37	5,047	5,779	3,641	1,406	34.1
70,000– 80,000..	33	7,652	8,761	5,870	1,782	38.4
60,000– 70,000..	29	8,422	9,643	6,847	1,575	43.5
50,000– 60,000..	25	7,159	8,197	6,148	1,011	50.7
40,000– 50,000..	21	10,575	12,108	9,565	1,010	60.2
30,000– 40,000..	17	12,616	14,445	11,989	627	74.5
25,000– 30,000..	14	5,836	6,683	5,747	89	90.5
20,000– 25,000..	12	6,325	7,242	6,373	*48	105.6
15,000– 20,000..	9	6,796	7,781	7,081	*285	140.5
14,000– 15,000..	8	1,355	1,551	1,427	*72	158.0
12,000– 14,000..	7	2,685	3,074	2,859	*174	180.9
10,000– 12,000..	5	3,337	3,821	3,630	*293	253.0
7,000– 10,000..	4	3,815	4,368	4,193	*378	316.0
5,000– 7,000..	2	2,758	3,157	3,094	*336	633.0
Total	..	$162,438	$185,989	$128,314	$34,124	40.8

[1] The interest which it is computed would be paid if the securities were not exempt.

[2] The interest which would be paid if the amount of the computed non-exempt interest were reduced by the full value of the tax.

* Profit.

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The loss grows progressively larger as the size of the income increases. The men of moderate incomes, those with taxable incomes of $5,000–$7,000, actually forego $6.33 in interest for every dollar of exemption granted. Men with incomes of $24,000 are almost marginal cases; they give and receive nearly 100 cents on the dollar. Men with incomes of $100,000 relinquish only 29.5 cents of each dollar and those with incomes of $500,000 can carry to surplus all but 27.4 cents.

In Table 4 these results are summarized by combining income classes in Table 3. The federal government would have received $57,600,000 if the securities were taxable. The issu-

TABLE 4

COST OF TAX-EXEMPTION TO GOVERNMENT

Income Class	(2) Interest (000 omitted) Actual	(3) Interest (000 omitted) Non-exempt	(4) Interest (000 omitted) Fully Capitalized	(5) Net Loss to Government (000 omitted)	(6) Ratio of Saving in Interest to Gross Loss in Taxes
$100,000 and over..	$73,923	$84,642	$47,[illegible]	$26,868	28.6
50,000–100,000 ..	32,417	37,117	25,301	7,116	39.8
25,000– 50,000 ..	29,027	33,236	27,301	1,726	71.0
10,000– 25,000 ..	20,498	23,469	21,370	*872	130.0
5,000– 10,000 ..	6,573	7,525	7,287	*714	399.0
Totals	$162,438	$185,989	$128,314	$34,124	40.8

* Profit to government.

ing agencies paid $23,500,000 less interest than would have been necessary had the securities not been exempt. There was a net loss to all agencies of government of $34,100,000. In addition to this subsidy to wealth by the government there was a contribution of $1,600,000 by individuals with incomes of $5,000–$25,000.

Exemption of securities from income taxation is not only a highly wasteful form of subsidy. It is the negation of all the social policies implicit in a progressive tax. The man of moderate means who seeks diversification of a conservative invest-

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ment through municipal securities pays as much as $6.33 for every dollar of exemption. The wealthy few pocket more than 70 cents of the dollar. In terms of the selling price of securities: a municipality floats an issue at par to yield 4½ per cent. It is bought at par by all buyers. To a man with an income of $5,000 it is worth $89.45. To a man with an income of $500,000 it is worth $162.30.

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KARL MARX AND SAMUEL GOMPERS

IT is interesting to compare the theories of the two great Jewish leaders of labor movements, Karl Marx and Samuel Gompers. Gompers' *Autobiography*[1] stands for American trade unionism where Marx's *Communist Manifesto* and *Das Kapital* stand for international Socialism. Each is an economic interpretation of history and each is a program of action based on that interpretation.

Marx got his education in the German universities and did his investigating in the British Museum. Gompers left the public schools of London at the age of ten and got his education in Cooper Union, but did his investigating in the cigar shops of New York. Marx converted the dominant philosophy of his time from Hegel's idealism of a future German Empire into the economic materialism of a future world Communism. Gompers learned the *Communist Manifesto* and Marx's theories from the Socialist exiles from Europe, and it was "this insight into a world of hidden thought," he says, "that aroused me to master the German language in order that I might read for myself" (I, p. 74). What he learned from Marx was this: "Economic organization and control over economic power were the fulcrum which made possible influence and power over other fields. Control over the basic things of life gives power that may be used for good in every relationship of life." This, he says, was the "fundamental concept on which the A. F. of L. was later developed" (I, p. 223).

Gompers recites that Marx was primarily a trade unionist, and that he opposed both the political and anarchistic elements in the labor movement. But it was, as he says, "the Lassallean program of political action that won over the militant economic program of Marx both in Germany and France," and it was the Anarchists, led by Bakunin, who succeeded in splitting, in 1872, the International Workingmen's Association, which Marx and the British trade unions had formed in 1864. This split and the reaction in Europe drove to America, in the early seventies, the Marxian Socialists, but apparently without the Lassallean Socialists or Anarchists. The latter did not come in numbers until after the German anti-Socialist law of 1878, although there was a "large sprinkling" of French Communists in New York after the downfall of the Paris Commune (I, p. 91).

[1] Samuel Gompers, *Seventy Years of Life and Labor*. New York, E. P. Dutton and Company, 1925. Two volumes, xxxiii, 557; xxvii, 629 pp.

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Gompers's intimate associates were the Marxian Socialists, from about 1873 to 1878. There was F. A. Sorge, Marx's friend and successor as executive of the International Workingmen's Association when the headquarters were moved from London to New York to escape the Anarchists, where Sorge "was in charge of the disintegration that followed" (I, p. 84). There was J. P. McDonnell who "had spent several years in London in the office of Karl Marx" (I, p. 88). There was David Kronburg, "easily the master mind," a member of the International. There was P. J. McGuire, a member of the I. W. A., "a fiery young orator with a big heart, and as yet immature judgment" (I, p. 88). Especially was there Ferdinand Laurrell, to whose memory Gompers dedicated this autobiography as "a workman all his life who was my mental guide through many of my early struggles." Laurrell "had been in the inner circles of Marx's International and knew more of its connections with European revolutions than was generally known" (I, p. 85). He was a Swede and had been secretary of the International for the three Scandinavian countries, and "knew from experience the revolutionists, the socialists, the anarchists, and the trade unionists. . . . Strong and vigorous mentally and physically, he forged to the head of both the revolutionary and labor movements" (I, p. 71).

Gompers makes it quite plain that Laurrell was his teacher, who carried him through an investigation of all the philosophies and tactics of all schools of the various labor movements, besides critically examining Gompers's own theories.

> I remember going to him one day and enthusiastically telling him some wild plans I had for human betterment. When I had finished, convinced that I had talked well, I sat back with manifest satisfaction to let Laurrell reply. He had been working silently, but had not missed a point, and I began to feel physically smaller as Laurrell systematically and ruthlessly demolished my every statement. By the time he had finished I vowed to myself "Never again will I talk that stuff—but I will find principles that will stand the test" (I, p. 73).

Again, "in those days I was full of fire and dreams and burning with sentiment, and I might have followed any course or associated myself with any movement that seemed to promise freedom for my pals and fellow workers. It was the wise counsel of my friend Laurrell that saved me: 'Never permit sentiment to lead you, but let intellect dominate action'" (I, p. 162). Also Laurrell advised him to attend the Socialist meetings, "listen to what they have to say and under-

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stand them, but do not join the Party." Gompers never joined, but it was his habit to attend their Saturday evening meetings (I, p. 74).

Indeed, Ferdinand Laurrell conducted a remarkable research seminar in economics in the only union cigar shop in New York, owned by David Hirsch, one of the German exiles, and an employer of fifty or sixty exiles and others. Gompers entered this shop in 1873, at the age of twenty-three, having been working at his trade in New York since 1863, and he remained there five years, and afterwards worked in other shops until 1887, altogether twenty-four years in a cigar shop.

In Hirsch's shop the workers subscribed to labor and other papers, read aloud to each other while they worked and conducted a "labor forum" (I, p. 68 *et seq.*). Piece work, hand work, skilled work, quiet work, no rules against talking, and Ferdinand Laurrell made Gompers an "intellectual."

Gompers joined also, during the seventies, a group of labor investigators, "*die zehn Philosphen*," who were, in fact, "an inner circle" of the International Workingmen's Association. At least three of these philosophers, including Gompers, afterwards became well known leaders in the American Federation of Labor.

> We dreamed together and then thrashed out our dreams to see what might be of practical value.. From this little group came the purpose and initiative that finally resulted in the present American labor movement—the most effective economic organization in the world. We did not create the American trade union—that is the product of forces and conditions. But we did create the technique that guided trade unions to constructive policies and achievements [I, p. 87].

Then, in 1877, came "the great strike" of New York cigar makers against the tenement-house system. The strike was partly compromised but mainly lost. Gompers's job at Hirsch's was filled. He had pawned everything but his wife's wedding ring. Eventually he found another job, but he moved to cheaper quarters in a distant part of Brooklyn, so that, on account of the distance and the needs of his family, he imagined himself separated from active work in the labor movement. But his union made him chairman of a committee on administration. He moved back to New York. "That, in my opinion, was the turning point of my life" (I, p. 163).

Following this disastrous strike, Gompers and his associates began to reorganize the cigarmakers, basing their plans on the experience of their own weakness, on the trade-union philosophy of the ten philosophers, and on a Marxism revised to fit American conditions.

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I mention these five years of Gompers's life because occasionally scholastic critics speak of him as having no theories, no philosophies, no understanding of the "intellectuals," no science, no ultimate goal, but as merely a man of cunning, pugnacity, intuition, expediency and honesty. Yet, as I see such things, he was the greatest "intellectual" of them all and the most scientific of the theorists. Here was a true experimenter in the science of economics, trying out his theories on one of the most experienced teachers of the subject and on the ten philosophers, in what would now be called a set of research seminars, and all the while trying them out on the world of industry where he worked. Here was a continual revision of theories until one was found that would work—and the American Federation of Labor was the way it worked. This, I suspect, is the truly scientific method, and those who pride themselves on being the intellectuals, whom Gompers learned to reject, would scarcely nowadays, in sciences other than economics, be permitted to have respectful, much less patient, attention. Gompers says of himself, "at no time in my life have I worked out definitely articulated economic theory," but have reached conclusions gradually, "after discarding proposals to which I temporarily subscribed" (I, pp. 17, 24). Which is the *greater* intellect, I do not know—the brilliant scholar who propounds anything or everything and leads nowhere, or the slow-minded Gompers or Darwin who works patiently for decades, theorizing and experimenting? Which is the more *scientific* intellect there seems to be no doubt.

The Marxian philosophy has, it is true, been described by its followers as "scientific" Socialism. What Marx did was to take Ricardo's economics and Hegel's philosophy, and to find in the one the secret of "control over the basic things of life" and in the other the clue that would trace that control through all history from primitive communism to world-communism. He did, as Gompers did not, build an "articulated economic theory" and provided not only a string to carry his mass of facts, but also a visibly articulated goal where the string ended. Gompers's experimental method had neither a fixed mechanism for reaching the goal nor even a visible goal. While Marx's mechanism and goal were government, Gompers's mechanism and goal were liberty. With Marx the individual was subordinate, in every respect and at all times, to a government of some kind that controls the economic foundations. With Gompers the individual was supreme but coerced, and was to acquire liberty by collectively imposing shop rules for control of the economic foundations. This difference appears in their theories regarding trade unions.

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Gompers maintains that "whatever modifications Marx may have taught in his philosophical writings, as a practical policy he urged the formation of trade unions and the use of them to deal with the problems of the labor movement" (I, p. 85). He cites Marx's letters, and, of course, he knew this fact from Marx's intimate followers. Marx was, indeed, closely affiliated with the British trade-union leaders in the decade of the sixties, during a part of his long residence in London. But the trade unions of the sixties and seventies, as Gompers frequently makes note, had no very clear distinctions in philosophy or tactics that might keep them separate from those who were not wage-earners, and hence they had no rules that held the unions to the actual economic problems of the shop as against the general reforms of anarchism, socialism, politics, in which non-wage-earners were adepts. Here it was Laurrell, again, who gave him the cue, fashioned on his own wide experience: "'Study your union card, Sam, and if the idea doesn't square with that, it ain't true.' My trade union card came to be my standard in all new problems" (I, p. 75).

In this way, eventually, Gompers became even more class-conscious than Marx himself, for Marx's International Workingmen's Association admitted all classes of labor reformers to membership and it was this that eventually caused the British unions to withdraw and the Association itself to split on the rocks of Anarchism and Socialism. But the significant thing was not merely that the "intellectuals" were admitted to the labor unions, but that the unions were thereby diverted from attention to the shop rules, which, in American and British unions since that time, have been imposed in such abundance for the protection of the individual worker on the job. The intellectuals looked upon labor as a mass, and it was the "solidarity" of labor to which Marx looked for the conquest of capitalism *en masse*. The individual worker did not count for much. But for Gompers and his teacher, Laurrell, who were workers themselves, it was the individuality of the laborer that counted, and economic power for them meant power of the union to protect the individual in his job. Previously it had been wages and hours for all as a class—now it became, also, how to prevent the employer from using his economic power arbitrarily against the individual. Henceforward "recognition of the union", "grievance committees", "business agents", union cards, arbitration, hiring, firing, restrictions on speeding up, promotions, transfers, even such small items as priority in having the better place to work in the shop (I, pp. 65, 65)—these became the economic foundations of individual liberty for the wage-earners, and for Gompers as one of them.

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Needless to say, these small matters could not attract the attention of Karl Marx or the intellectuals or the revolutionaries—they were interested in large things such as the world production of wealth, but these shop rules restricted output. They were interested in who should get the whole product of the whole social-labor-power, but these rules turned on the petty sorrows, oppressions and envies of individuals hidden away under the mass. Somewhere even Marx decries these restrictive policies of trade unions which stood in the way of raising labor as a class, and the German trade unions did not resort to them until after the Great War.[1] They had previously relied on politics and ultimate socialism, rather than on what Gompers would call self-help in the shop. Yet these shop rules are all-important for the individual worker, for they are his liberty.

Finally, when Gompers and the others built up the American Federation of Labor, they did not have a centralized big union where Gompers would be a dictator and have control of the funds and discipline, but a loose federation, with shop autonomy, union autonomy, craft autonomy—"autonomy" everywhere, and only two rules—union card and no dual unions. There was no ultimate goal about such an arrangement, and little that could satisfy an intellectual who idealizes order and logic, but it was liberty through control of economic power.

There is scarcely space to summarize further how Gompers "learned the weakness of radical tactics," the weaknesses of legislation, the injury done to labor organization by "intellectuals," his account of the "fight to the finish" with the Knights of Labor who included intellectuals and represented the idea of centralized labor government, his account of "socialists as I know them," of the injunction, and of the part he played in the Great War. All of these have as their central theme, "Liberty through Economic Power."

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[1] *Cf.* Zwing, Karl. *Die Soziologie der Gewerkschaftsbewegung* (1925).

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REVIEWS

Twenty-Five Years, 1892-1916. By VISCOUNT GREY OF FALLODON. New York, Frederick A. Stokes Company, 1925.—Two volumes, xxx, 331; 353 pp.

Whatever opinion one may have of Sir Edward Grey as a statesman — and the opinions range all the way from that of a clever Machiavellian politician who spent years of slippery, secret manipulation in drawing France and Russia into a scheme for the "encirclement" and destruction of Germany, to that of a baffled and groping minister who lived from hand to mouth on the scraps of hope which he could gather from a situation which was beyond his control or comprehension — no one can read Lord Grey's volumes without a glow of admiration for the man. Candor, directness, modesty, loyalty to friends, generosity to enemies, objectivity and severity in self-judgment appear on all the pages. Here is no labored apologetic, no tone of finality, no pompous now-the-truth-will-be-told announcement, no "desire to make vindication or condemnation of any country the final word" (p. xvii); but a straightforward presentation of the diplomatic problems as they arose, together with a very ample reproduction of the pertinent letters, dispatches, and memorandums from the archives of the Foreign Office and from the author's private papers. Lord Grey acknowledges that he may have made mistakes of judgment, doubting, for example, whether a speech on Egypt in 1895 "may not have provoked the Marchand expedition" (I, p. 20), whether he ought not to have asked for a cabinet meeting to discuss the conversations with Cambon in the Algeciras crisis of 1906 (I, p. 84), whether he ought not to have urged more strongly his desire for the continuance of the Ambassadors' Conference in London in 1912-13 (I, p. 266) and his objection to the Dardanelles expedition of 1915 (II, p. 80).

One important point that emerges from the discussion of the prewar crises, in view of the persistent charge of Germany that Grey had secretly pledged England to come to the aid of France if she were attacked by Germany, is the equally persistent denial by Grey that any such pledge was given. In January, 1906, Paul Cambon,

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the French Ambassador in London, tried hard to get Grey to commit himself to a promise of aid, especially as the German Emperor had given the French government to understand that they could not rely upon England. But Grey's reply was, "I said that, as far as a definite promise went, I was not in a position to pledge the country to more than neutrality—a benevolent neutrality, if such a thing existed" (I, p. 71): a reply which did not satisfy Cambon, but which Grey refused to alter even up to the outbreak of the war. Again, in the crisis of 1908-9, Germany voiced the suspicion that England was encouraging Russia to intervene in behalf of the Slavs of the Balkans, whereas what Grey actually wrote to Sir Arthur Nicolson, the British Ambassador to St. Petersburg, was: "If war were to take place, it would probably in the end embroil the greater part of the Continent, and even Russia must see that such a risk for the sake of Serbia's demands for territorial compensation is utterly disproportional to the end in view" (I, p. 181). Russia gave way before a Germany standing in "shining armor" beside her ally Austria, but somewhat at the expense of the prestige of the French alliance in Russia and the lowering of the opinion of British friendship there. In 1914 Russia "refused to collapse to order a second time," and the war came.

Though he does not state it categorically, one gathers from Grey's pages that he thinks that the war might have been averted if the Conference of Ambassadors which met in London from December, 1912 to August, 1913 could have held together a few months longer. Under his lead Lichnowsky, Cambon, Mensdorff, Imperiali and Beckendorff had smoothed out many a tangle in the Balkan situation which might have precipitated a general war. They often felt, to be sure, that they "were sitting on a powder-magazine"; nevertheless they kept the peace.

> We had served a useful purpose [says Grey] we had been the means of keeping all the six powers in direct and friendly touch. The mere fact that we were in existence, and that we should have to be broken up before peace was broken, was in itself an appreciable barrier against war [I, p. 262].
>
> The members of the Ambassadors' Conference of 1912-13 were all alive, available, and at their posts in 1914, but no one in Berlin or Vienna seems to have remembered the past or found in the recollections of 1912-13 any hope for the future. So when the crisis came in 1914, although the suggestion of settling it by the same machinery as in 1912 was made, it was dismissed peremptorily by Germany and Austria. . . . Austria was fascinated by the strength of the German army and felt secure, and France and Russia were preoccupied by the fear of it [I, p. 267].

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However, Grey does not dwell on the fact of his own reluctance to call for a conference or the fact that it was finally proposed only two days before Austria launched the war by the invasion of Serbia—and at that, on the initiative of Nicolson, the Under-Secretary, while Grey himself was spending the week-end in the country.

The chapters (xxii and xxiii of Volume II) on "America and the War" contain interesting passages on the relations of Sir Edward with Page and House, which should be read together with the Page Letters and the recently published House Papers. They all show a remarkable sympathy between the three men as to the indispensable value of Anglo-American friendship and a determination that the irritation in the United States over the arbitrary British commercial regulations must never be allowed to estrange the two countries. "Blockade of Germany was essential to the victory of the Allies," says Grey, "but the ill-will of the United States meant their certain defeat. . . . The object of diplomacy, therefore, was to secure the maximum of the blockade that could be enforced without a rupture with the United States" (II, p. 107). How well Page helped him is shown by one incident which he relates: "Page came to see me at the Foreign Office one day and produced a long despatch from Washington contesting our claim to act as we were doing in stopping contraband going to neutral ports. 'I am instructed,' he said, 'to read this despatch to you.' He read and I listened. He then said, 'I have now read the despatch, but I do not agree with it: let us consider how it should be answered'" (II, p. 110). A somewhat unconventional ambassadorial proceeding, to say the least! With House, Grey seems to have been on even more intimate (albeit unofficial) terms than with Page. He gave the Colonel a standing invitation to drop in on him just before the dinner hour, and treated him apparently as a complete confidant. Probably the chief bond between these two men was the common interest they had in the problem of the kind of peace which was to follow the war, or to end it. Here is where House and Page differed, the latter being more intent on victory than on peace. And it seems at times as if Sir Edward inclined to House rather than to Page. After a conversation with House on the best methods of securing disarmament and coöperation among the nations after the war, Grey remarked with a smile: "Here I am helping direct the affairs of a nation at war, and yet I have been talking for three and a half hours as a neutral" (*The Intimate Papers of Colonel House,* II, p. 160).

This conversation was in February, 1915. Just a year later House

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was again in London in conference with Grey as to methods of securing peace. He told Sir Edward that President Wilson was ready, if England and France thought the moment opportune, to propose a peace conference, and that, if Germany refused the offer, the United States would enter the war against Germany. (President Wilson, in endorsing the memorandum after House's return, inserted the word "probably" between "would" and "enter", mindful of the prerogative of Congress in declaring war.) The restoration of Belgium, the return of Alsace and Lorraine to France, the acquisition of an outlet to the sea by Russia, and the compensation to Germany in extra-European territory for her loss of Alsace-Lorraine were suggested as probable demands. If Germany refused, the United States would leave the conference on the side of the Allies. If, on the other hand, the Allies should refuse, the United States would "disinterest themselves in Europe and look to their own protection in their own way". Grey's treatment of the famous "House Memorandum" has brought him severe criticism from the reviewers of his volumes in the *Manchester Guardian* and other liberal journals. And his own comments on his unwillingness to press a cause which he believed to have possibilities of incalculable good for belligerents and neutrals alike fail to impress the reader as logical or sane. He says: "In the light of after-events, it is clear that Germany missed a great opportunity of peace. If she had accepted the Wilson policy, and was ready to agree to a Conference, the Allies could not have refused. . . . The Germans have only to reflect upon the peace they might have had in 1916 compared with the peace of 1919" (II, p. 135). But this is dangerously near to the kind of reasoning that Lord Grey condemns in Berlin. It was not to Germany, but to the Allies (or rather to England, to be passed on to the Allies if she saw fit) that Wilson's proposition through Colonel House was made. And it was Sir Edward himself who thought best not to press the matter on France, dismissing the Memorandum with the short phrase, "At present there was no use to be made of it" (II, p. 128). His reluctance came from the fact that it would be unbecoming in England to suggest that the moment had come for proposing peace, when France was grimly determined on a "knock-out" victory, and partly from his own commitment that the only way to end the struggle was by defeating the German army. One may not quarrel with him for this opinion. But to blame Germany for not accepting Wilson's offer, which was made to her indirectly through the Allies who refused to entertain it, is certainly inconsistent. And to have kept the offer "with

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a string attached," leaving the Memorandum with his colleagues in the cabinet when he anticipated a journey to Russia, at the close of 1916, to be used if the plight of the Allies became serious (a contingency which House had warned him would make it impossible for the President to act) was a good deal like trying to eat his cake and have it too. It is very probable that even if England and France had agreed to the conference, Germany would have refused the terms, but that hardly excuses the Allies from making an effort which had even the shadow of a promise of saving millions of lives and billions of treasure. Grey had remarked to House in February, 1915, that "the death-warrant of millions of men was signed when Germany refused" to participate in the proposed conference of July, 1914. If he was so sanguine of the results of a parley in those hectic days, why could he not have at least taken a chance in 1916 to cancel the death-warrant of other millions of men—especially as he asserts that at that time the governments of all the belligerent nations were eager for peace.

DAVID S. MUZZEY

The Diaries of George Washington, 1748-1799. Edited by JOHN C. FITZPATRICK. Published for the Mount Vernon Ladies Association of the Union. Boston, Houghton Mifflin Company, 1925.—Four volumes: xvii, 455; 461; 458; 451 pp.

In these four attractive volumes we have brought together for the first time all of Washington's diaries which have so far been found in public or private hands with the exception of some purely meteorological records, of which a few only have been included for purposes of illustration. In the long years between the first boyish journal of 1748 and the last entries made on the day before he died, there are striking gaps, including some of the most important periods of his life, as for instance, between 1754 and 1760 and again between 1775 and 1781. Sometimes it is reasonably certain, or probable, that no such records were kept; in other cases diaries known to have existed are now missing. Probably the most important of these lost sections is that covering the first seven months of the presidency, for which only a short extract has been preserved through a quotation by Sparks in his edition of Washington's *Writings*. For 1790 and 1791, the texts of missing originals have been supplied from those printed by Lossing in 1861.

For the most part, the texts now printed are taken from originals

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in the Library of Congress. The editorial work, begun by Mr. Worthington C. Ford and now completed by Mr. Fitzpatrick, has been admirably done. The notes often bring out the significance of entries which might otherwise seem of slight interest. Pains have also been taken with the index, which covers over a hundred pages of the concluding volume.

The value of such a publication depends of course in part on the extent to which it presents new material. Mr. Fitzpatrick estimates that "hardly one-sixth" of the diaries were available in earlier publications, some of which were not readily accessible. In view of the unique position of Washington in our national history, the bringing together of the whole series in these volumes would seem to be justified, even though many of the new items may appear comparatively unimportant. There still remains, however, the more difficult question of how much these volumes contribute to our understanding of Washington and of his time. On this point there will be some difference of opinion.

The student of political and military history will doubtless find comparatively little here which he could not have learned from other printed sources. Indeed the reader will be struck by the fact that the diaries often fail us on occasions of prime importance. There are, for instance, the eight years of Washington's service as Commander-in-Chief, with no diaries except for a few months in 1781, beginning shortly before the Yorktown Campaign, ending almost immediately after its successful close, and adding little that was not fairly familiar. For the eight years of the presidency we are somewhat better off; but of the two hundred odd pages which fall within that period, almost half are taken up with the President's tours in New England, Long Island, the South, and the region affected by the Whiskey Rebellion. There is nothing for the spring and summer of 1789, nor for the momentous congressional winter session of 1790-91 (Hamilton's bank bill is not mentioned until several months after its passage). Three years of the presidency are quite blank—1792, 1793 and 1796. There is nothing for 1794, except for about three weeks at the time of the Whiskey Rebellion; and the entries for 1795 and for the closing weeks of the second administration are limited chiefly to notes on the weather.

For many significant dates, the entries actually made are extremely tantalizing. During Washington's attendance on the Continental Congresses of 1774 and 1775, he tells us with whom he dined or where he went to church, but without comment on personalities or

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issues. On June 15, 1775, he was chosen Commander-in-Chief of the forces of the United Colonies; but the entries for that week contain no allusion to that interesting event. On the day of the vote, he contents himself with writing: "15. Dined at Burne's in the Field. Spent the evening on a Committee." One can hardly imagine that distinguished contemporary diarist, John Adams, dealing thus with a memorable day in his own experience. For the last four years of the Confederation, we cannot complain of the meagreness of the diary, for the day-to-day entries are remarkably regular and fairly full; indeed they require about a third of the space in these four solid volumes. Yet the references to public affairs in that period are few and far between. There is no mention of the Annapolis Convention, nor of Shay's rebellion; the Convention of 1787 is first referred to only a few days before Washington's departure for Philadelphia. If we were to judge by the diary entries, the defects of the Confederation and the need of a new federal system occupied his mind much less than the affairs of the Potomac Company—infinitely less than the routine of his plantation. So, on March 4, 1797, when he was handing over the presidency to his successor, his only entry is: "Much such a day as yesterday in all respects. Mercury at 41."

In general, the Washington with whom one becomes most familiar in these pages — even acquiring a certain sense of intimacy—is not the Commander-in-Chief or the President but the solid citizen of Virginia and Fairfax County, the country gentleman of Mt. Vernon. In the years preceding the Revolutionary War and in the short respite from public service after it, we are able to follow him on his rounds about his home plantations, inspecting his slaves and his stock, superintending the routine processes of seedtime and harvest, trying experiments suggested to him by his neighbors or by more distant correspondents like Arthur Young. Some specimens of this farm record have been printed before, but the addition of fresh details certainly gives one a new sense of familiar acquaintance. The buying, managing, and selling of lands bulk large in this record, with holdings widely scattered from the tidewater plantations of his family, through upland Virginia, to the Ohio Valley.

There are public functions too during these years; but those of which Washington's diaries tell us are largely of the homelier sort—acting as executor for his neighbors' estates or serving as arbitrator in their disputes, attending vestry meetings and county courts, and going up to Williamsburg for recurring sessions of the House of Burgesses. Doubtless, too, his contacts with the West through his

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own landholdings and his tours of inspection beyond the mountains had some bearing on his political outlook. It is significant that when as President he enters in his diaries summaries of correspondence or conversation on public affairs, he is most expansive in dealing with Western problems. Social contacts are punctiliously recorded whether at home or abroad, and these also tell us more than a hasty reader is likely to realize, as when, in the years before the war, they suggest some intimacies broken by the impending clash of Whig and Tory neighbors. It is easily possible also to take the diary entries too seriously as the measure of Washington's interests. Allowance must be made for his reticence on certain topics and also for the many matters, scantily treated, if at all, in the diaries, which formed the subject of voluminous correspondence.

Probably what we have got at the end of our reading is not so much new facts, or new kinds of facts, as help toward a better perspective. Even Mr. Lodge, with all his limitations, made it quite clear that Washington was more than a soldier and a politician. We have long known that he was fond of fox-hunting and dancing, that he could spend a day at cards (keeping a cautious eye on his balance of gains and losses), and was an ardent theatregoer when the opportunity offered. There is, in fact, a certain naïveté in the surprise with which some writers report their discovery that Washington was really "human." Nevertheless it remains true that the more or less commonplace happenings which fill several hundred pages of this record do bring us distinctly nearer to the hard-headed, but public-spirited, Virginia planter who was also Commander-in-Chief and President.

EVARTS B. GREENE

Blockade and Sea Power. By MAURICE PARMELEE. New York, Thomas Y. Crowell Company, 1924.—x, 440 pp.

Doctor Parmelee during the war acted as representative of the United States War Trade Board in London and saw therefore at close range from the side of the Allied and Associated Powers the operation of the measures shutting off German trade. Subsequently he had excellent opportunity to study the effects of these measures on the Central Powers. The first half of his book deals with the commercial side of the war, its effect on neutrals and the Central Powers; the second concerns the importance of world economic unity and the organization of the world state of the future which the author sees as the only way of preventing war.

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In the first part of his work the author has given us a summary of the methods used by the Allied and Associated Powers in cutting off the Central Powers from the commerce of the world. He deals with the measures of the various powers separately and jointly, with the means by which neutrals were rationed and the effect of the barrier in forcing Germany to come to terms. His discussion on the last point is one-sided. Chapter 12, "The Effect of the Blockade," is devoted almost wholly to the dramatic results of food shortage, while the very important limitation on the actual carrying-on of war resulting from the cutting-off of copper, rubber and other raw materials useful for military supplies gets only a short paragraph.

It is unfortunate that the author is not more exact in his use of technical legal terms. He uses the word "blockade" not in the strict legal sense, but means by it the measures taken to shut off the commerce of the Central Powers by application of the rules of contraband, continuous voyage, embargo, trade with the enemy, and the other devices for limiting enemy trade with or through neighboring neutrals. Blockades under the rule of international law were very few and unimportant during the war and it is unfortunate that the technical legal term has been used so much in non-technical literature to signify a state of affairs which has no relation with the legal notion of blockade.

Other evidences of careless use of international law expressions are the author's statement that the Trading with the Enemy Act "is a direct blockade measure" (p. 51) and the definition of conditional contraband as "goods which might eventually be used for war purposes, though not consigned directly to the government of the blockaded nation" (p. 24).

It is not surprising, therefore, that in the author's opinion, "international law is vague and indefinite" (p. 18). It is evident that much of the vagueness is in the use of the technical terms of international law inaccurately. Much of the objection to the law, however, comes less from its indefiniteness and vagueness than from a failure on the part of very many persons to recognize the character of the remedies for breaches of the law. War, while sometimes undertaken to enforce the law, or one state's notion of what the law is, as in the case of the War of 1812 (p. 20), and so often termed the carrying-on of an action at international law, is not properly a legal remedy. The regular method of enforcing rights under the law is by claiming damages for breach, which the author fails to note, though it was successfully applied to the international torts which the author mentions as committed by both sides during the Revolutionary and Napoleonic

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Wars, and even in the recent war. International law on many points is settled enough so that claims based on breach of its rules are often made before arbitration courts or claims commissions. It is important therefore to recognize that if a lawful blockade exists, neutral ships and goods may be taken under circumstances which, if there were no lawful blockade, would give the neutral a right to demand payment of damages and return of the captured vessels or goods. Merely calling a measure "blockade" does not make it lawful blockade nor affect the rights of neutrals. It is, therefore, important that there be clear understanding of the technical meaning of the expression, since important rights of belligerent and neutral depend on the legal situation. Much of the doubt in the lay mind on the existence of international law arises from the failure to recognize that the branch of international law discussed by the author is not a penal law setting up crimes and prescribing punishments, but a law of tort concerned with questions of damages. If the injured state is not always willing or able to take action it is the fault, not of the law so much as of the organization for administering it. That a weaker party cannot always secure his legal rights against a stronger is, however, no peculiarity of international law. It is a complaint often enough made of municipal law.

JOSEPH P. CHAMBERLAIN

Security Against War. By FRANCES KELLOR and ANTONIA HATVANY, Collaborator. New York, The Macmillan Company, 1924. Two volumes; ix, 851 pp.

These two volumes might have been more appropriately entitled "The Aftermath of the Great War." The author has compiled a comprehensive survey of the problems created by the treaties drafted at Paris and of the efforts to solve these problems in the seven years since the close of the war. The first volume opens with an analysis of the Covenant of the League of Nations as an instrument for the preservation of peace. Each clause of the Covenant is examined in a distinctly critical spirit. The conclusion reached that the League has become largely a mechanism through which the Great Powers have preserved the advantages obtained by the treaties seems to the reviewer to be a prejudiced and extremely narrow view of what the League has done in the past six years. None but the most uncritical supporter of the League considers the Covenant a perfect instrument, but to those who regard the document as a tentative first move in international government which time and experience will undoubtedly

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greatly modify, the criticism of these volumes will seem much too severe. In fact that such evolution has already begun is clearly demonstrated by the work of Locarno. Had these volumes been written after the Locarno Conference it is quite likely that some of the conclusions reached by the author would have been considerably modified.

The larger part of the first volume is devoted to a detailed consideration of the efforts of the Allied powers and of the League to put into effect the provisions of the treaties in the various parts of Europe and Asia. The author is unsparing in her criticism of the spirit of vindictiveness evidenced by the Allied powers in their treatment of the defeated enemies and of their unwillingness to apply the same principles and policies to small and great powers alike.

The second volume opens with a consideration of the organization of the Permanent Court of International Justice. In contrasting the court with the Permanent Court of Arbitration the author concludes that the older body has advantages over the more recent creation as an instrument for settling international disputes. There follows a review of the decisions and advisory opinions which have been rendered by the court with critical comment upon the somewhat trivial character of the questions submitted to the court in contrast to the major questions in dispute which were not submitted to the court.

The chapter dealing with America's peace policy is the least satisfactory in the two volumes. The discussion of the Monroe Doctrine seems to indicate that Miss Kellor is quite satisfied that the Spanish-American nations still regard the United States as their powerful protector standing between them and the greedy nations of Europe. Her statement "that the League of Nations is desirous of extending the European political system, of which it is the agent, to South American States, is unquestioned" is certainly open to grave misinterpretation. If it is meant to convey the idea that the League has any desire to change the internal political organization of Spanish America it is certainly an amazing statement for which there is not the slightest evidence. On the other hand if the statement means that the League is desirous of keeping the Latin-American states as members of the League organization there is nothing very startling about it. Furthermore the fact that the great majority of the Spanish-American states have voluntarily become members of the League does not seem to indicate that they have undue fears as to its motives. Moreover, Miss Kellor quite overlooks the fact that informed opinion in Spanish America today is decidedly more apprehensive of American imperialism than of any aggression by European states. Our experiences in Haiti, Santo

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Domingo and Nicaragua, including the Bryan-Chamorro treaty, have caused decided misgivings among our southern neighbors as to the disinterested character of the Monroe Doctrine.

The concluding chapters deal with the recent efforts to obtain disarmament, outlaw war and assure security. The conclusions which the author reaches are clearly influenced by her distinct bias against the League of Nations. She holds to the view that a third Hague Conference with a strengthening of the Hague Tribunal, a modification of the League Covenant limiting the activities of the League and a revision of the territorial and economic provisions of the Paris treaties would go far towards providing security against war.

Despite the limitations due to special pleading, these volumes contain much valuable material for the student of international affairs.

NELSON P. MEAD

COLLEGE OF THE CITY OF NEW YORK

L'Autriche et la Hongrie pendant la Guerre. Par BERTRAND AUERBACH. Paris, Félix Alcan, 1925.—xii, xxvii, 627 pp.

M. Auerbach has produced, as we should expect, a useful and authoritative book. It was time that a study should be made of Austria's rôle in the war, which too often has been classed as entirely subordinated to that of Germany; there was need of an analysis of the significance, both positive and negative, of the Austro-Hungarian military effort, and of the problem of the nationalities in its effect upon the defeat of the Central Powers and upon the future of the Danubian regions. M. Auerbach was specially qualified for the task by his earlier studies and he has written with a fine sense of proportion and admirable detachment. It is only in his generalizations and conclusion that he betrays a natural tendency to view recent political events from a French point of view, and the tendency is kept in check by what seems to the reviewer political common sense. The result is a comprehensive and explanatory survey based upon a thorough study of published documents (of which there are many), which ties together the military, diplomatic, and political events leading to the end of the Empire. Of the six hundred pages, about half are devoted to domestic politics (if any Hapsburg problem can be regarded as domestic): parliamentary questions in Austria, the dictatorship of Tisza and electoral reform in Hungary, relations of Austria with Hungary, Czernin and the nationalities, economic crises, the end of the Dualism. Of the remaining three hundred pages, two-thirds treat

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of diplomatic problems: the rupture with Italy and with Rumania, Czernin's revision of "war aims" and peace negotiations, Brest-Litovsk and Bucharest, the final offer of a separate peace with the Entente. The chapters on the military high command, the campaigns of Serbia, Poland, Galicia, the Trentino, Isonzo, and Rumania comprise about a fifth of the entire work. The narrative in all its aspects is strictly confined to the war: it touches neither the question of responsibility nor the peace settlement.

Within these limits M. Auerbach furnishes a clear explanation of Hapsburg failure. Austria had been saved for a time by the local quarrels of the "nations" which permitted the central government to maintain the control of the German Austrians; but when the aroused spirit of the "nations", encouraged by the Entente, threatened the centralist régime, and at the opening of the Reichsrat became translated into parliamentary politics, the ministers, in Austrian fashion, waited too long before offering the solution of federalism which, the author believes, might have saved the Empire. The Austrian Government was always shackled by the hostility of Budapest to any plan that would weaken the Magyarization of Hungary, and Budapest in its turn was supported by Berlin at Austrian expense. Add to such difficulties the essential failure of the alliance with Germany, which disappointed both parties and never concealed an essential conflict of war aims. It is not surprising that the military defeat which left Germany essentially untouched in its unity, or even, as M. Auerbach thinks, intensified its unity, should have broken up Austria-Hungary "which was only a collective being, a complex of men without a soul, which had no characteristic of a State except the mechanical apparatus." Further research may disturb the clarity of such an explanation. In his preface the author contends that the number of documents from the Vienna archives already published renders it "improbable that further additions will materially alter the interpretation of events." This may or may not prove to be true; apart from the Red Books he has made little use of archival material; his sources, rich as they are, consist chiefly of memoirs, diaries, newspapers, monographs on detailed military and political topics. State papers are conspicuous by their paucity. But even if this study proves less definitive than M. Auerbach believes, it is an admirable exposition of the general factors that preceded the final bankruptcy of the Hapsburg system and an invaluable path-breaker for future study of detail.

CHARLES SEYMOUR

YALE UNIVERSITY

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Die Österreichischen Kameralisten in dogmengeschichtlicher Darstellung. Von DR. LOUISE SOMMER. Studien zur Sozial–, Wirtschafts– und Verwaltungsgeschichte her. von Dr. Karl Grünberg. Heft 12–13. Wien, Verlagsbuchhandlung Karl Konegen, 1920, 1925.—viii, 119 : xiv, 491 pp.

To readers familiar with Small's *Cameralists*, published at Chicago in 1909, the characteristics of Miss Sommer's work can best be described by a comparison. As regards authors covered, Miss Sommer's work is much more restricted in extent. Her study stretches over more than a century of time, it is true, but includes only five Austrian authors beginning with Becher, Hornick and Schröder, of the period of Leopold I, and closing with Justi and Sonnenfels, in the late eighteenth century. The author omits, therefore, many authors discussed by Small, justifying her course by the intellectual continuity and community of the restricted Austrian group, and by the special interest, fiscal or administrative, of other authors. Miss Sommer's work differs from that of Small even more in method than in scope. Small, the sociologist, is interested in the broader aspect of the Cameralists' point of view ; he presents them as specimens of a group of thinkers in whom political considerations were dominant ; he is satisfied in general to let them speak for themselves ; he illustrates rather than analyzes. Miss Sommers, the strict economist, aims to go further in the way of explanation ; she seeks to trace the economic ideas of the Austrian cameralists back to their sources, to show the interrelation of their ideas, and to discuss the intellectual influences which molded them.

In the first part of her work the author makes a setting for her special investigation by a study of mercantilism. In a review of the economic thought of the modern period in France, England, Holland, Italy, Prussia and Austria she recognizes the variety and divergence of views in different countries, and is no more successful than her predecessors in unifying elements which were vitally unlike, in making a system out of what has been called a bunch of systems. If with reference to German mercantilism, she quotes with approval Schmoller's statement that it was "nothing but state-making," she is careful in her own summary (I, p. 40) to indicate that this view, which makes mercantilism the literary reflection of the economic policy adopted by rulers to build up their states, is not the whole story, that it presents only an "ideal mercantilism." The mercantile "system," applying the term to the economic thought of all of western Europe, is not substance but shadow. So the author's attempt, in the remainder of the first part,

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to trace its intellectual precondition, is highly abstract and speculative. She discusses its relations to the methods and principles of the natural sciences (causal analysis, quantification, atomic theory, etc.), to philosophical rationalism, to political theory and the doctrine of natural rights. The essay is suggestive and interesting; it is, of course, far from conclusive.

The second and larger part of the work, published four years after the first, is much more definite. The author takes up in turn the five Austrian writers, analyzing their political and economic theories, and considering at length their views on some special topics of economic policy. To give here a summary of her summary is impracticable. When all is said, do not the Austrian cameralists represent an eddy in the flow of economic thought rather than a part of the main current? Viewed even from this standpoint they are of course worth some attention from western readers, and the author's work appears to offer an excellent means of making their acquaintance at second hand. Her treatment of the original Austrian sources impresses the reader as sober and competent, and her knowledge of the secondary literature, which in German is so voluminous, is extensive. Her study of the relations between cameralism and the economic writings of non-German countries is not so well informed. It is characteristic that in more than one place Mun and Child are presented together, as the great economists of the period of Elizabeth.

CLIVE DAY

YALE UNIVERSITY

Modern Immigration. A View of the Situation in Immigrant Receiving Countries. By ANNIE MARION MACLEAN. Philadelphia, J. B. Lippincott Company, 1925.—xii, 393 pp.

Who Should Have Wealth and Other Papers. By GEORGE MILTON JANES. Milwaukee, Morehouse Publishing Company, 1925.—ix, 170 pp.

In subject matter these two books are totally diverse. So far as the reviewer is aware the only thing they have in common is his opinion that neither, in present form, should have been published. In this respect they are representative of a large and growing class of books and for that reason may command space as a vehicle of protest. In one manner or another they exemplify an increasing *shoddiness* in the literature of the social "sciences". They illustrate the prevailing emphasis within these fields on quantity "pro-

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duction" at the expense of innate quality. It may be suspected that they were written because of the deference paid by the academic world to publication *per se,* and the tendency to base academic reputation and promotion upon it. Individual writers are only in small measure to blame for these things. They usually are only playing the game as they find it, in the individual effort to succeed. The tendencies referred to are *folkways* of the academic world, and it is against these that this protest is levelled.

Miss MacLean is a seasoned writer. Her book appears in a recently new and creditable sociological series, several of the volumes of which have been greeted with enthusiasm by sociologists. While the author states that "so far as the United States is concerned, an additional book on the subject of immigration almost calls for an apology" (preface), the field she has selected is clearly limited and not hitherto preempted. She seeks to give a comprehensive statement concerning immigration in all of the major immigrant receiving countries, namely: the United States, Canada, Australasia, South Africa, Brazil and the Argentine. Her summary of the history of immigration policy and legislation in each of these divisions (totaling some sixty pages) and an annotated digest of immigration legislation in the United States (one hundred and fifty-five pages of appendices) will be of genuine and unique value to the sociological practitioner as well as to the layman. The text which glues these contributions together, on the other hand, contains literary and scientific offenses of high degree. Platitudes, ungrammatical diction, unsupported generalizations, inaccuracies of fact, frowsiness of thinking, meaningless and defective statistics — one or another of these defects appears on almost every page.

To illustrate: Wellington and Auckland are enumerated among the four chief cities of New Zealand (p. 126) and among the six chief cities of the Australian Commonwealth (p. 137), "the habitable portions (of which) are mainly a coastal fringe of large cities as follows: . . ." On page 157 there is a "carefully worked out approximation" of the immigration into South Africa during the year 1853, every tenth year thereafter to 1903, and annually thereafter to 1919. (For the years following 1909 the data are official.) These figures are *added* to obtain the *total* "arrivals from 1853 to 1919"! Little more defensible are conclusions concerning the trend of immigration drawn from a comparison of two successive years, or of corresponding months in these years (*cf.* p. 106, and the sophomoric table on pp. 90-91). There are frequent references to "Scan-

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danavian" (*sic*). "Chinese" has its singular in the objectionable "Chinaman". There is a three-page table, or list (pp. 75-77), in which a heterogeneous series of immigrants to this country (how selected?) are individually recorded as "favorable" or "unfavorable" in their "Attitude toward U. S." Other similar illustrations might be given.

Slips such as these might be excused on the ground of defective clerical or proofreading assistance, or on the supposition of the author's unfamiliarity with the rudiments of statistics. The following passages appear to exhibit deficiencies in capacity for incisive scientific thought: "The degree of illiteracy is a fairly good indication of the *general level* of any group of people" (p. 32, italics ours). In Australia "there is never any unemployment" (p. 138). "In Canadian official records as in common parlance, *the British, except Hindus,* are not classed as foreigners" (p. 101, italics ours). What would the non-French-speaking traveller in Quebec say to this: "The population of the new dominion (Nova Scotia, New Brunswick, Ontario and Quebec) was overwhelmingly British to begin with, and it has remained so although it has been supplemented in recent years by other national groups" (p. 86)? Since the book is intended to be primarily "practical" rather than "scientific" in value (editor's preface) stress will not be laid upon the author's indiscriminate use of the term "race" to include, apparently, both biological and cultural elements.

The specific criticism which the reviewer wishes to make of Professor Janes's volume is of a different order. It includes ten papers, the last only being new. The book is essentially a collection of reprints by an uninspired writer, the subject matter ranging over pretty much the entire field of economic discussion. The topics include *Das Kapital,* Robert Owen, the Non-partisan League, cooperative production among shingle-weavers, the incidence of war costs and the steel strike reports. Presumably there was reason for the original publication of these articles in the periodicals in which they appeared. But with no central element of homogeneity other than the dullness of orthodoxy, no thread of fact or theory to join them, what possible excuse is there for republication? The reviewer can find none.

To summarize: In one case there is a genuine need of information, hitherto unfilled by any existing volume. An author attempts to supply a volume, but by a careless assemblage of undigested and irrelevant data and platitudinous generalization. In the other in-

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stance there is no apparent need for a volume at all: only an author's desire, it would seem, to republish in book form some miscellaneous articles already accessible in the periodicals of their first appearance. Both performances may properly and literally be described as discreditable. The impetus for both, however, is to be found in the distorted academic folkways of the period. What a waste, above all what a waste of time and attention unavoidably devoted to such books these folkways entail! The reviewer does not presume to offer in remedy a panacea. His prescription would not be adopted. Nor is publication-suicide desirable. But some kind of a positive and negative program of literary eugenics seems to him to be needed.

STUART A. RICE

DARTMOUTH COLLEGE

The American States During and After the Revolution. By ALLAN NEVINS. New York, The Macmillan Company, 1924.—xviii, 728 pp.

No portion of the field of American history is more important than the one which Mr. Nevins has endeavored to survey in this volume, and none has been so neglected by the general historian. The contest with England, the difficulties of the Continental Congress, and the struggles to perfect the union of the states all tended and still tend to focus attention away from the states themselves. And yet in those very states the foundations of many of our social and political principles were being laid.

In the preface the author announces his intention of presenting "a conspectus of State history", based partly on "a correlation of monographic material and the best State histories", and partly on an extensive study of the sources. The reader therefore is led to expect a work of more than usual value. In the book itself there is such a wide variety of subject matter that in describing it the reviewer can do little more than summarize the table of contents. Chapters i and ii, in the nature of an introduction, deal briefly with the causes and the early stages of the Revolution, up to the events of April 19, 1775. The narrative is not very well arranged, and the two chapters are not especially edifying. In tone they might be described as "patriotic".

Chapters iii, iv and v, covering about one hundred and twenty-five pages, describe the processes of transition from colonies to states, and the drafting and early revision of the state constitutions. These

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new fundamental laws are described with such detail that the reader may, if he is industrious enough, gather considerable information. But while the chapters are long drawn out, they are characterized by little insight into conditions of the time, and even less appreciation of the forces at work. Chapters vi to ix, inclusive, are a history of the state politics of the period from 1775 to 1789. In these the reader may discover who the state governors were, what their chief policies and interests were, and, briefly, what they accomplished. He will find, too, some figures designed to reveal the strength of party factions. But nowhere does the author get down into the forces behind state politics, and nowhere in these chapters can the reader get anything more than the merest superficial view of state political activity. Furthermore, much of the material given is so thin that the ordinary reader will ask himself again and again what it is all about, and what is the use of it. The last six chapters are devoted to social and financial history, to the relations of the states with each other, and with Congress, and to the experiments in state-making along the frontier. In these, if his endurance holds out, the reader may find a colorless, unilluminating narrative of social reform movements, state boundary disputes, tariff policies and financial troubles.

If the reviewer should approach the volume in the spirit of a casuist, he would find so many sentences and paragraphs open to question, or in need of contradiction, that the space allotted would be insufficient even to list them. A few examples must suffice: On page 7 the author refers to the Pennsylvania Quakers as standing "firmly for the colonists' rights". Of course they did, for a time, but nowhere in the volume would the reader discover that they stood with equal firmness against granting any of these same rights to the new western counties in the colony. On page 128 we read: "In no State was the fundamental law the work of a specially elected constitutional convention." In 1776, in Delaware, a specially elected convention framed a state constitution. On page 233 the reference to John Hancock's "effort for a better national constitution" cannot be taken seriously. On page 345 the explanation of Spanish objections to the secret article in the first draft of the Treaty of Paris is absurd. In fact, the account of Spanish policy given on pp. 345-348 is so poor as to be worthless. On pp. 397-398, in describing post-Revolutionary disturbances in South Carolina, Mr. Nevins writes: "These laboring men who had played a useful part with their political turbulence early in the Revolution, now played an evil

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rôle." What, the reader may ask, justifies violence at one time more than at another? On p. 622, in referring to the Galloway Plan of Union of 1774, the author writes: "This plan found some advocates, but was finally erased from the minutes of the Continental Congress." This statement is hardly adequate to show the support which the Galloway Plan had.

On the paper "jacket" covering the volume the publishers declare that the readers may expect from the author "a scholarly and highly readable book". The book itself falls far short of this announcement. This particular reviewer declares soberly and seriously that he never before read through such a monotonous piece of work. Throughout the volume the author nowhere differentiates between the unimportant and the important, nowhere gives any inkling of the underlying significance of the mass of facts which he selects badly and piles up indiscriminately.

And this dullness is not a product of the subject matter. There is not a field in American history richer in material or more abundant in "human interest".

This volume, according to the preface, is the first of a series, sponsored, so it appears, by the Historical Commission of the Knights of Columbus. It is to be hoped that the productions to follow will be characterized by more intrinsic worth than the one under review.

RALPH VOLNEY HARLOW

BOSTON UNIVERSITY
COLLEGE OF LIBERAL ARTS

Usury and Usury Laws. By FRANKLIN WINTON RYAN. Boston, Houghton Mifflin Company, 1924.—xxix, 249 pp.

This book contains a considerable amount of interesting material. There is a brief and at times inaccurate historical sketch of restriction on interest rates and the opposition thereto, centering on Turgot, Bentham and the American economists. To illustrate modern developments, the 1918 usury law in California and the repeal of the New Hampshire law in 1921 are discussed, with an eye to the arguments used in each case pro and con. The Department of Agriculture's study of actual rates in agricultural loans, 1921, is compared with the legal maxima, to show the ineffectiveness of the latter. The methods of evasion in this and other fields are hardly more than hinted at. The English, Indian and German methods of dealing with the problem are sketched and rejected as unadapted to our conditions.

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The Uniform Small Loan Law is then presented and approved, showing its background, rationale, methods and effect. A few improvements looking toward flexibility are suggested, derived largely from the Massachusetts practice, and necessarily limited by their expense of administration to the more densely populated states; perhaps they are unnecessary elsewhere. There are a number of appendices: extracts from reports on usury in 1818, 1834 and 1859; partial texts of the English and Indian Acts; the Uniform Small Loan Law; an abstract of usury, small loan, and pawnbroking law throughout the country, in 1921. The author properly indicates that the laws are for his purpose of interest only so far as other data are available which indicate their effect.

The book makes out its case that general statutory maxima do not in fact prevent the cost of loans from rising above the maxima, either openly or by use of evasions. It does *not* prove that such maxima do not *often* materially clog the rise of rates; i. e., it tends in its discussion of the fixing of interest rates at the margin to overlook the power of custom, and the statute as a factor in fixing customary expectation, and slowing up change in such expectation. It presents an opinion, not documented, that such maxima deprive many borrowers of needed capital by either inducing "exportation of capital" from the district subject to the maximum, or inducing would-be lenders to use their own capital rather than resort to evasion or law-breaking. It argues—and as regards the needy borrower for consumption, very persuasively—that to stigmatize the lender who takes only cost and fair profit as a "usurer" and "law-breaker" reacts against the borrower by driving all but the shark out of the lending field. It properly advocates the small loan law as one based on sound study and proved in practice: a special, rather than a general statutory maximum, adapted to its own case.

The major thesis of the book is that wherever there is a market under competitive conditions, interest rates will adjust themselves according to earning power of capital at the time; that only moral usury—exploitation of the needy borrower—needs checking; that only when that need is met will the public stand for abolition of the general statutory maximum. This is sound enough, and needs saying. But the whole volume is vitiated by the curious assumption that only in loans of less than $300 are "non-competitive" conditions or exploitation of the needy borrower found. "Exploitation" is of course an ethical, and therefore a relative, term. But the Willett-Sears and Knauth, Nachod & Kühne transactions are fresh in the public mind;

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such cases as *Silverstein* v. *Taubenhimmel* (209 N. Y. App. Div. 710), recur even in our law reports. To the reviewer, therefore, this particular assumption seems naïve. And he views with doubt a goodly number of other assumptions made by the author. Nor are his doubts removed by the author's saying over and over again each point deemed important, till the half-dozen mark is often passed. Iteration is no substitute for fact.

K. N. LLEWELLYN

COLUMBIA LAW SCHOOL

Europe in the Seventeenth Century. By DAVID OGG. London, A. and C. Black, 1925.—xii, 579 pp.

The closing paragraph of this book tells us that: "The permanent things of the seventeenth century are neither its dynasties nor its politics, but its imaginative art and the constructive work of its thinkers". This is very well, indeed, for it seems to indicate that our author has grown at least "half-sick of shadows", like the Lady of Shalott. Yet of the thirteen chapters nine are almost completely devoted to "dynasties" and "politics", while in the entire book nothing whatever is said about "imaginative art", and from the ranks of the "thinkers" all the scientists are missing. The book deals only with continental Europe, and so we learn nothing in its pages of Francis Bacon and Sir Isaac Newton. But why do we look in vain for any account of Galileo, Kepler, Tassoni, Malebranche, Pierre Bayle, Bossuet, La Rochefoucauld, the founding and development of the French Academy, Jacob Boehme, largely the originator of the stream of mystical thought that gradually spread through the religious life of the century, Corneille, Molière, Racine, Salvatore Rosa, Murillo, Velasquez, Rubens, Franz Hals, Van Dyck, Ruysdael, De Hooch, Poussin and Claude Lorraine? Surely if the permanent things of the century are "its imaginative art and the constructive work of its thinkers" an adequate account of the work and influence of these men should have been given. Judged by its own criterion, the book is largely a failure, merely another "drum and trumpet" history.

There are four chapters not entirely devoted to "dynasties and politics". The second one, dealing with the Counter Reformation, is of primary importance in the conception of the book. In order "that the static conditions might be transformed into dynamic and the lay figures galvanized into passionate activity", the author tells us, "there was required a force which today influences the public

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life of but few European countries. That force was Religion. The seventeenth century is incomprehensible unless it be realized how absolute and universal was its empire over men's minds." But the first sentence of the first chapter devoted to this transforming force reveals the inability of the author to deal with it in any satisfactory manner. "By the Counter Reformation", we are told, "is meant the attempt, *within the lands of the Empire,* to undo the work of the sixteenth-century Reformation." Why confine the movement to "the lands of the Empire"? Did it not influence life in France, Spain and Italy? And why restrict it to "undoing the work of the sixteenth-century Reformation"? Did it do nothing within the pale of Catholicism? But Protestantism seems to be understood no better than Catholicism. "The doctrine of justification by faith," we are informed, "was the most important contribution of Lutheranism to theology." Luther's doctrine, however, was justification by faith *alone.* Why should this last word be omitted? In it lies the distinction between Lutheranism and Catholicism. From it flowed all the narrow and sterile scholasticism of Lutheranism after the death of Luther. Nor are we more correctly informed as to the beliefs of the heterodox. Servetus, we learn, was a Unitarian. But that Spanish heretic believed that the essence of the Godhead was actually and bodily present in Jesus. How, then, could he be a Unitarian? His soul was like a star. It dwelt apart. It is difficult to place him in any group. Further on we read that the Jesuits "could give absolution in exceptional cases". The statement is ambiguous. It is like a blunderbuss that sprinkles the entire landscape with shot without bringing down any birds. Does it mean they could give absolution in cases in which other priests could not? Or does it mean they were restricted more than were other priests in giving absolution? An answer in the affirmative to either question would be wrong. What, then, does the statement mean? On the next page we glean the information that the Jesuits could intervene "in worldly affairs for a spiritual purpose" by "monopolizing the confessional". What is meant by "monopolizing the confessional"? Was such a monopoly ever attained? The sentence is indefinite, gaseous and illusory.

Enough of fault-finding. Within its limits the book is excellent. It is overwhelmingly political and military; but it seizes upon the essentials of those phases of life in the seventeenth century with assurance and deals with them in an interesting manner. Most of the book is, rightfully, devoted to France. Spain, Italy, the Papacy,

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the Dutch Republic, the Baltic lands, and the lands of Ottoman and Slav are dealt with briefly but succinctly. But nothing is said of life in the Germanic lands after the Treaty of Westphalia; and Switzerland has been left entirely out of the picture.

There is a very good bibliography, a large part of which is supplied with helpful and interesting notes. One regrets that Charles Beard's *Port Royal* is not included, because it contains important information not to be found in Sainte-Beuve's book on the same subject and it is written from a different point of view. Andrew Dickson White's *Seven Great Statesmen* would be found useful for Fra Paolo Sarpi and Grotius. And a perusal of Gothein's *Ignatius von Loyola und die Gegenreformation* might have led to a wider and more correct conception of that movement.

EDWARD HULME

STANFORD UNIVERSITY

Railway Transportation: Principles and Point of View. By SIDNEY L. MILLER. Chicago, A. W. Shaw Company, 1924.—xxvii, 905 pp.

From the beginning of railroad transportation in the thirties of the last century, the railroad industry, because of its basic significance and peculiar problems, has continuously attracted a very large measure of public attention. This public interest has been especially widespread and intense concerning the emergence of abuses which were deemed to necessitate the establishment or extension of principles and machinery of public regulation: during the agitation against extortionate rates which produced the Granger Legislation in the seventies; during the national outcry against discriminatory practices which led to the passage of the Act to Regulate Commerce and the creation of the Interstate Commerce Commission in 1887; during the growing realization that the federal authority over railroads must be rendered effective which resulted in the Elkins Act of 1903, the Hepburn Act of 1906, the Mann-Elkins Act of 1910 and the Valuation Act of 1913. But at no time, perhaps, have the problems of the railroads received such intimate and intelligent public discussion as during the past decade, embracing the war and post-war period. The traffic demands of the war dramatized the defects of the American transportation system. The experiment of government operation brought to the fore the relative merits of public and private management. The decision to return the railroad properties to their private owners stirred a very wide range of

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interests to formulate plans for the reconstruction of the system of regulation on the basis of the generally acknowledged shortcomings of past experience. The Transportation Act of 1920 actually introduced numerous radical departures from traditional policy, and rendered the prevailing adjustment between the rights and obligations of the carriers and those of the public a critical test both of the system of private management and of the policy of government regulation. These recent developments have called forth a rapid succession of books, restating the underlying principles of railroad transportation in the light of the large mass of new facts disclosed, and appraising afresh the significant elements of the railroad situation as it is unfolding itself under the influence of the reconstructed system of regulation. The volume under review presents such a general treatment of the entire field.

After a brief introductory discussion of the significance of rail transportation and its early history, the volume is divided into four main parts, presenting, respectively: an extensive historical survey of the development of American railroads and their problems, including a description and appraisal of the recent period of federal control; a detailed description, both technical and statistical, of the various services rendered by the railroads and of the character of their internal organization; an analysis of so-called railroad economics, including a discussion of competition, combination, capitalization, and rate-making theory and practice; and an elaborate sketch of the development of regulation, tracing the evolution of public policy through and including the Transportation Act of 1920 as now operative. Such breadth of treatment, though necessarily rather superficial, is unquestionably enlightening, particularly to the general public.

A very warm enthusiasm pervades the entire book. This enthusiasm is wholesome and infectious, except that it frequently leads to unnecessary discursiveness, elaboration, and repetition. Again and again the magnitude and significance of the railroad industry, from almost every conceivable standpoint and as measured by almost every conceivable index, are extensively developed. Scarcely a problem is raised, whether technical or legal or economic, which is not concluded in prophetic vein, involving paragraphs of speculation as to the course of future development. The entire discourse is punctuated with a rich supply of exclamation points; and lapses into journalistic vernacular, though invariably enclosed in quotations, are very frequent. It is doubtful whether the colorful and discursive methods of the popular lecture are helpful in scientific texts, especially when they tend to crowd out essential substantive material.

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There is decidedly room for doubt whether so extensive an historical survey as is presented, and particularly whether elaborate discussion of the mechanism of the railroad and of technical questions of internal organization and administration, should find space in a book of this character at the expense of an adequate analytical treatment of the major problems of railroad economics and public control. The important issues connected with railroad service and railroad labor relationships receive no independent consideration, aside from the bearing upon them of the provisions of the Transportation Act. The question of valuation is summarily disposed of, in connection with security issues, and the basic principles of rate adjustment, as between places and classes of traffic, must be largely deduced from the author's description of the various rate structures. The volume would be substantially improved, it is believed, through greater emphasis upon economic analysis and upon the decisions of the Interstate Commerce Commission and the courts.

I. L. SHARFMAN

UNIVERSITY OF MICHIGAN

History of Agriculture in the Northern United States, 1620–1860. By PERCY WELLS BIDWELL and JOHN I. FALCONER. Washington, The Carnegie Institution of Washington, 1925.—xii, 512 pp.

This volume is the fifth published study of a series of contributions to American economic history projected by the Department of Economics and Sociology of the Carnegie Institution of Washington in 1904. The work is somewhat unevenly divided into four main divisions, the first three of which were prepared by Dr. Bidwell and the last by Professor Falconer. Part I, entitled: "Agriculture in the Earliest Settlements" and embracing five chapters, stresses particularly the items of the scarcity of labor and capital, land tenure and the dependence of the early settlers on the Old World for tools, livestock and grains. In Part II, "Rural Economy in the Eighteenth Century", the author contrasts pioneer farming with farming in the older settlements. Two of the five chapters of this section discuss farm management and agricultural trade. Part III, "Expansion and Progress", contains nine chapters; two of these, "The Organization and Education of Farmers" and "The Transition from Self-Sufficient Economy to Commercial Agriculture", throw a flood of light upon two phases of our agricultural development which in the past have by many been little understood and, consequently, little

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emphasized. Dr. Bidwell shows quite conclusively that the first four decades of the nineteenth century were in large measure a time of preparation for subsequent progress and expansion. At the same time he points out that the powerful forces of habit and tradition, lack of business experience, competition of the factory for labor, insufficient capital, and imperfect credit and marketing facilities tended to hinder the transition from self-sufficient economy to successful commercial agriculture. Not only was little or nothing known about farm economics, but the application of such natural sciences as chemistry or botany to agriculture had scarcely begun.

Approximately half the volume is given over to Part IV, "The Period of Transformation, 1840-1860". Of the twenty chapters in this section one each is devoted to the influence of the prairies on the progress of agriculture, agricultural labor and population, agricultural machinery, transportation and markets, and the diffusion of agricultural information. The remaining chapters discuss in considerable detail the production of various agricultural commodities. In the opinion of the author, four outstanding features characterize the period: (1) the competition of the West and of the factory towns for the northern farm population; (2) the competition between the western and eastern farms in the production of agricultural staples such as wheat, wool, beef and pork; (3) the increased market which the growing eastern cities furnished the eastern farmer for such bulky or perishable staples as dairy products, garden truck and hay; (4) the continued improvement in farm machinery and transportation.

From the outset it is apparent that the authors have left no stone unturned to produce what is by far the most scholarly and all-inclusive history of northern agriculture up to the Civil War that has thus far appeared. One of the most valuable features of the book is the comprehensive and critical bibliographical essay which is appended. This in itself is indispensable to the student who seeks assistance in discovering the widely scattered source materials dealing with the subject. The work throughout is amplified by means of graphs and statistical charts. Moreover, the chapters on agricultural machinery are carefully and fully illustrated. Both the authors and the Carnegie Institution have performed a most meritorious service for which every student of American economic history will be grateful.

HARRY J. CARMAN

COLUMBIA UNIVERSITY

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The Menace of Colour. By J. W. GREGORY. Philadelphia, J. B. Lippincott Company, 1925.—264 pp.

The author, a professor of geology in the University of Glasgow, has conducted a somewhat superficial survey of political, social and economic relationships between white and colored races throughout the world. Such a survey is necessarily superficial in the present state of our knowledge and it is uncertain that any safe deductions may be made from the very insufficient data presented. If, however, books of this sort stimulate the investigation of inter-racial relationships their authors may be excused for giving them sensational titles. Too often such books merely arouse race prejudice. In the present instance the author takes a very moderate tone and a good many of his chapters are based upon personal observation and study of racial problems in various parts of the world. To the reviewer Professor Gregory seems to have contributed a concise and lucid account of the difficulties encountered by whites in their attempts to dominate people of color. Professor Gregory apparently anticipates the end of such domination but is unable to offer any effective method of preventing such a catastrophe (if it should be considered a catastrophe).

The author pronounces upon difficult anthropological questions with all of the confidence of the specialist who has strayed out of his own field of research. We read, for instance, that a "white Australian from the shadeless inland plains is said to be at once recognizable in the towns owing to his deep-sunk eyes and consequently depressed bridge of the nose. They are both points of resemblance to the Australian aborigines, and are doubtless due to the chronic glare of the sunshine, causing an instinctive recession of the eyes during youth." Such an irresponsible statement normally characterizes an extreme environmentalist. But why should an environmentalist worry about the "menace of colour"? If he is at all consistent he will attribute all physical differences ordinarily described as racial to the effect of heat, light, moisture, food, etc.

Although Professor Gregory has a chapter upon the results of racial interbreeding, he does not refer to Eugene Fischer's study of the Rheboth hybrids, which is admittedly the only fully satisfactory account of a racially mixed group hitherto published. He contents himself, for the most part, with references to the unsubstantiated opinions of various authorities who have talked about race mixture, but never have investigated it. Actually there exists a scattered and incomplete but quite considerable mass of really important scientific information

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on racial crosses. Such data afford little comfort for those who oppose race mixture on the ground of the inferiority of the hybrid.

The chapter on the white man in the tropics is a valuable summary of the results of recent research upon the subject of acclimatization. The upshot of it is that not sufficient is known of the effects of tropical climate upon white men to warrant a final conclusion upon the practicability of a white colonization of the tropics.

Professor Gregory's book contains much of interest and value. Probably the best book of a general nature on the relations between white and colored peoples is Sir Harry Johnston's *The Negro in the New World* published in 1910. It is not a book widely known, nor is it often referred to, probably because it contains a good many unpalatable facts. The present work has a wider scope, but the author has not a command of his subject equal to that displayed by his fellow-countryman.

E. A. HOOTON

HARVARD UNIVERSITY

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BOOK NOTES

The most notable result of the war in Europe seems to be that the nations now have all their political, social and economic problems to solve anew. One symptom of that state is their collaboration in the League of Nations, another the appearance of dictatorships, and another such a sermon on politics as *The State of England,* by a Gentleman with a Duster (New York, G. P. Putnam's Sons, 1925; 149 pp.). For it is a sermon, and, if there are occasional journalistic flings and extravagances (e. g. "a sounding Lenin and a tinkling Trotsky"), its general tone is very measured and serious and harmonizes ill with the treasured flippancy of the outworn *nom de plume.* Its text is "Stiffen up the sinews, summon up the blood," and, starting with an insistent reminder that eighty per cent of Britain's food supply comes from abroad and that for food only goods can be exchanged, it conducts a pessimistic survey of English society, and propounds as a prophylactic against ruin, national co-operation of rich and poor founded on knowledge, discipline and conscious individual effort for moral betterment. The author finds that the English may now be divided into "Rich" and "Poor"; that the "Rich" are guilty of ethical carelessness and moral irresponsibility; that the "Poor" are ignorant, imitative of the vices of the "Rich," and shortsighted in their demands for shorter hours and better wages; in short, that both classes have transferred their allegiance from "brain" to "belly." He does not believe in miracles of national recovery, he does anticipate catastrophe, and he is concerned with meeting the crisis armed by sane thinking and "a stern sense of individual responsibility." For drifting, chaos and blundering he prescribes a thesis of life. What it is can readily be imagined. It is Tory, Spartan, has more than a touch of the Die-Hard about it, and is motivated throughout by a feeling that present-day tendencies in society, politics, economics and the arts are aimless, sensation-seeking and possibly actively evil. It is all curiously reminiscent of the period after the Napoleonic Wars, and possibly the blacks are too black to convince a generation with which the author is obviously not in sympathy, but the earnest sincerity of the simple, direct discourse disarms facile criticism. It is to be hoped that the book will not become merely a psalter for the *Morning Post* or a guy for the *Daily Herald,* but will encourage in both a resolution to view their platforms in less partisan light.—J. Bartlet Brebner.

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Dr. Lewis Rockow presents in *Contemporary Political Thought in England* (New York, The Macmillan Company, 1925; 336 pp.) "a brief analysis of the historical relation of contemporary writers to their immediate predecessors," "a comprehensive summary of certain selected writers and a fairly full criticism of their ideas," and, finally, "a bare attempt . . . . at a synthesis." Perhaps the best indication in short compass of the method and scope of his book is afforded by the names of some of his chapters—the Psychologists: McDougall and Wallas; the Idealists: Jones and Watson; the Individualists: Cecil and Mallock; the Collectivists: the Webbs and MacDonald; the Pluralists: I, Laski and Russell, II, Cole; the Communists: William Paul and E. and C. Paul; the theory of compromise: Hobhouse and Bryce; Internationalism: Norman Angell; and chapters on Wells's *Modern Utopia* and the State in drama and the novel. Obviously there is no lack of catholicity here. Undoubtedly work of this sort is a great convenience for harassed publicists and for teachers whose investigations do not lead them deep into the actual writings of political thinkers. It is also an excellent guide to those about to delve. As Dr. Rockow repeatedly admits, however, emphasis and brevity are nearly always obtained at some sacrifice of truth, epigrams being what they are, half the truth in a few words. What is, under the circumstances, the best method of presentation is adopted in this volume. The writings of the individual under discussion are arranged and baldly and economically summarized, the author brings to bear his own criticism and that of others, and concludes with an evaluation. The several tasks completed (and surely it should be accounted for virtue that Utopias and plays and novels are not neglected), the "bare synthesis" is added. It is modestly brief. Proceeding on the assumption that nothing prophetic proceeds from the rationalizers of the *status quo,* Dr. Rockow looks forward to the delimitation of a minimum (and possibly a maximum) of individual power in property, to a redistribution on local and functional lines of powers of self-government in industry and politics, to scientific revaluation of institutions, and to an organized society of states marked by international organization of functional groups. By means of most painstaking acknowledgment of indebtedness to a truly great array of authorities, the author disclaims great originality. He is particularly neat in some of his generalizations, but, as has been mentioned, admits the consequences. One general criticism, however, certainly should be made. There are occasional lapses into a very difficult style, which sometimes simply is not English, to the reviewer at least. The obscurity is by no means general, but when

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it occurs it seems to be due to the use of unfamiliar words, phrases and constructions which reveal a style of thinking perhaps more Germanic than English.—J. BARTLET BREBNER.

The title of Hans Ruider's *Bismarck und die öffentliche Meinung in Bayern 1862-1866* (Munich, Hugo Schmidt Verlag, 1924; 152 pp.) would probably give a more accurate idea of the contents if its components were transposed. The author makes no claim that the architect of the German Empire concerned himself any more with public opinion in Bavaria during these years of practical dictatorship than in his own state of Prussia, but, rather, applauds Bismarck's indifference to the feelings toward himself and his policies of the people he was working in his own way to unite. Based upon a careful analysis of the political connections of the Bavarian press, the book traces the attitude of the various parties, as reflected in their newspaper organs, toward each of the major questions that arose during this decisive period in the evolution of Germany's national unity. It corrects in some degree previous treatments of the subject, which, principally in Jörg's *Historisch-Politische Blätter,* find indications of a certain undercurrent of popular sympathy with Bismarck's efforts, by maintaining that this sheet represented purely the personal opinions of its editor, being read apparently only by the few open-minded admirers of his brilliant style and independent views. All the papers which rested on solid bases of party support, on the contrary, persisted for different reasons in an almost unwavering course of adverse comment upon all phases of Bismarck's policy. The early contempt for Prussia's extraordinary minister largely gave place to a shuddering recognition of his genius; but the advent of the decisive conflict found in Bavaria almost no sympathy with Prussia or hope of any good result from Bismarck's essay at a settlement of the German question by an appeal to arms. The chief positive conclusion of the study is that, in the crisis, Bavarian public opinion, reluctantly as it abandoned hope of a peaceable solution, outstripped the timid policy of the government in its opposition to Prussia's move. While of relatively minor significance and mainly negative application, this study is a praiseworthy example of the sort of investigation that is more and more required as a basis for examination of the great historical processes of modern times, into which the factor of public opinion enters so largely and is so often but superficially accounted for.—J. V. FULLER.

Highly suggestive is the little volume entitled *Medieval Cities: their Origins and the Revival of Trade* (Princeton, Princeton University Press, 1922; 249 pp.) from the pen of the Belgian master,

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Professor Henri Pirenne. Of the eight chapters in the book, the last six are devoted to a sketch of the growth of towns and trade from the tenth century onward, presenting in convenient form the general view of the problem with which Professor Pirenne has made us familiar through his numerous publications extending over more than three decades. The first two chapters develop a theory which the author first presented in numbers of the *Revue belge de philologie et d'histoire* (1922 and 1923). Briefly and baldly stated the theory is as follows: The barbarian migration into the Roman Empire from the fourth to the sixth centuries, while of great importance, constituted no such cataclysmic change in the history of Western Europe as has frequently been depicted. The northern immigrants sought to assimilate the civilization of the Romans, which in its social and economic aspects carried forward substantially as it had been prior to the advent of the barbarians. For centuries that civilization was Mediterranean and it so remained down to the eighth century. The really critical event in the history of Western Europe, the factor which separates ancient from medieval civilization, was the Saracen expansion westward over northern Africa and the Iberian peninsula and the consequent closing of the Mediterranean to the peoples of the north. The center of European civilization was thus forced northward. This explains the ascendancy of the Franks under the Carolingian dynasty; it was not a mere coincidence that Charles the Great established his capital at Aachen. "Without Islam, the Frankish Empire would probably never have existed and Charlemagne, without Mahomet, would be inconceivable" (p. 26). This hypothesis is interesting and has much to commend it. But it raises all sorts of questions that one would like to have answered. Space does not permit their discussion here, but it may not be out of place to urge that the author give us a more extended treatment of his subject wherein all factors are given full and adequate consideration. From the present discussion one gathers a pretty clear notion of economic decline in Frankland from the Merovingian to the Carolingian period. What needs to be made more clear is that the Saracen conquest of the Mediterranean was the cause and not the result of this decline. Suggestive material in substantiation of his view the author does present but it needs further elaboration to make it conclusive. As a whole, however, the book presents the most authoritative and convenient summary of the rise of medieval towns that has thus far appeared in English.

With the legislative union of England and Scotland in 1707 the parliaments of both kingdoms, technically speaking, came to an end,

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their place being taken by the Parliament of the United Kingdom of Great Britain. So far, however, as institutional continuity is concerned, the greater absorbed the lesser. The Parliament of England, enlarged by the addition of representatives of the Scottish peerage and commons, survived, and the Parliament of Scotland perished. Its records, as far as they are extant, are preserved in the Register House in Edinburgh, and substantial parts of them, though by no means all, have been printed. But they have received little scientific study. In *The Parliaments of Scotland* (Glasgow, Maclehose, Jackson and Company, 1924; xxix, 546 pp.) Professor Robert S. Rait of the University of Glasgow, Historiographer-Royal for Scotland, has incorporated the results of such a study, upon which he has been engaged for many years. Throughout, his feet are planted firmly in the original sources, though he has not, of course, neglected such scanty historical writing as exists in his field. In particular, he accepts certain views advanced by Professor R. K. Hannay in articles published in *The Scottish Historical Review* during the last few years concerning the difference between early parliaments and general councils in Scotland, and the relations between the latter and conventions of estates. The author modestly and wisely makes no claim to finality for what he properly calls a pioneer work, and it is to be hoped that his book will inspire other scholars to attempt the solution of some of the many problems in Scottish parliamentary history that remain unsolved. Professor Rait makes it clear that the Scottish Parliament never won for itself such a commanding position as was secured by its namesake at Westminster. Indeed, one of the reasons why its history is deserving of further study is because of the light that it can be made to throw, by way of contrast as well as of resemblance, upon the development of the English Parliament.

Rachel Louisa Sargent has gathered together from the literary sources of the fifth and fourth centuries B. C., and from later sources which give facts or estimates referring to that period, a mass of isolated data regarding the slave population of Athens in these two centuries. These data she has discussed fully and, be it also said, critically, in a book entitled *The Size of the Slave Population at Athens during the Fifth and Fourth Centuries before Christ* (Urbana, University of Illinois Studies in the Social Sciences, vol. XII, No. 3, 1924; 136 pp.). Miss Sargent follows the method of Wallon and Richter in attempting to estimate the total of the citizen population of Athens by classes. Her contribution to the previous estimates lies in the gathering of bits of evidence imbedded in the con-

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temporary literature. She then attempts to determine the average number of slaves held by the Athenian families in each of the census classes of the state. On the basis of her decision upon this point, which may be a good guess or a bad guess, the author believes that she has established a workable estimate of the total slave population (not the *size* of the slave population, as the title states, but the numbers). The results of the honest and admirable effort put into this study are not, and could not be, worth the labor put into it. The reason for this is clear. In several places in the book the author speaks of "statistics" (p. 84) and "statistical evidence" (p. 128). Nobody and no amount of hard labor can create out of the actual lack of statistics from antiquity a group of statistical data. A cursory reading of Otto Seeck's *Statistik in der Alten Geschichte* (*Jahrbücher für National-ökonomie und Statistik,* 1897, 162 ff.) would have put the writer upon her guard. Seeck's phrase "conjectural statistics," applied to the population estimates of antiquity, accurately suggests the possibilities of this kind of Danaid labor. Estimates, only estimates, and rough ones at that, are obtainable. A great number of these have been made; and most of them have been faithfully studied and cited by Miss Sargent. The results obtained by previous students have been determined by the attitude of each investigator toward the sources of information, whether credulous or cynical. Miss Sargent's efforts have not changed this fundamental situation in the least. She is endowed with a fine linguistic equipment and sound critical method so far as the sources are concerned. But her abilities and laudable efforts have been misdirected in the undertaking of this task. She should have had the advice and guidance of a statistical expert or a trained student of population movement. Such a person would have urged her at the outset to define her terms and to visualize clearly the certainty of defeat inherent in the task which she undertook.

Dr. Edward Sweetman's *Australian Constitutional Development* (Melbourne, Macmillan and Company, 1925; xxxi, 453 pp.) is the work of a careful scholar who is thoroughly familiar with the sources and literature of his subject. It is based in the main upon official documents, but newspapers, magazines, contemporary books and secondary works have not been neglected. Of the twenty-five chapters, twenty are devoted to the constitutional evolution of New South Wales from its founding in 1788 to the establishment of responsible government in 1856. They give what is probably the most satisfactory account of this subject that has been published. The course of constitutional progress in the other Australian colonies, culminating in re-

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sponsible government, is dealt with more briefly. The value of the volume to the student is enhanced by an appendix which contains selected despatches relating to the constitutional development of each of the Australian colonies, beginning with the first petition from the colony for representative institutions and concluding with the grant of responsible government. The author makes it clear that the Australian colonists were not unaffected by events in other parts of the Empire. In particular, he shows the great influence that was exerted upon them by Lord Durham's Report.

C. H. Williams's *England Under the Early Tudors (1485–1529)* (London, Longmans, Green and Company, 1925; xviii, 281 pp.) is the sixth in a series of University of London Intermediate Source-Books of History. It contains an introductory note on sources, together with a select list of modern authorities chosen primarily to meet the needs of the student and the teacher. The sources are grouped under several topical heads: general collections; parliamentary records; the council; departmental records; legal records; diplomatic correspondence and reports of ambassadors; private letters; chronicles and narratives; ecclesiastical records and local records. While there is less material for the reign of Henry VII than for that of his son and successor, the editor shows that it is not so scanty as many have assumed. Naturally, for the portion of the reign of Henry VIII within the scope of the present work the *The Letters and Papers of Henry VIII* provide a most abundant reservoir from which to draw. For those who desire a fairly detailed body of sources less technical and expensive than Tanner's collection this new volume should prove decidedly satisfactory.—ARTHUR LYON CROSS.

According to Walter Lippmann, a hiatus exists between the world of reality and the pictures of that world in the minds of individuals. These individual pictures, taken collectively, form the basis of what is called "public opinion." The latter, then, is always at least partially wrong, in the sense that the facts of any situation are never precisely what they are pictured by a large part of the "public" called upon to respond to the situation. Nor does Mr. Lippmann believe that the masses of men can, by any conceivable improvement, ever become acquainted with more than a small part of the realities which must be dealt with in their behalf. The practical problem, as he sees it, is one of creating *intelligence service* within the various departments of government, which will be available for the man of action. The project may seem Utopian, yet it may be that we are not so far from attaining it as appears. One gathers this impression from the latest study of The Institute for Government Research, en-

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titled *The Statistical Work of the National Government* (Baltimore, The Johns Hopkins Press, 1925; xvi, 574 pp.) by Laurence Schmeckebier. At least we find here assembled for the first time a comprehensive statement, in topical form, of what the national government has done and is doing in the way of collecting and publishing information of a statistical character. As the author sees it, this volume should be the first step only in a series of studies which would appraise and evaluate the statistical fact-finding activities of our government, and which would point the way toward their more effective organization, coordination and utilization. Even without these additional studies, the present volume will be invaluable. It can only be appreciated to the full by those investigators who have sought unaided to find their way to needed data in government publications. To such, Dr. Schmeckebier's book will be as a light in the dark, for it tells what statistics are available and where they may be found. It is reassuring also to have the author's judgment that "the statistical output of the United States government compares favorably, both in extent and quality, with that of any government in the world." —STUART A. RICE.

The Oil Industry and the Competitive System, by George Ward Stocking (Boston, Houghton Mifflin Company, 1925; x, 323 pp.; Hart, Schaffner & Marx Prize Essay XLI), is a competent and thorough contribution to the increasing number of studies dealing with the wastefulness of private competitive exploitation of our waning natural resources. Several compact chapters at the beginning of the book are devoted to an account of the rise of the Standard Oil Company to a position of dominance, and of the application of federal anti-trust policy in its avowed attempt to restore competitive conditions in the oil industry. A careful analysis of the position of the Standard group subsequent to 1911 leads the author to the conclusion that largely because of "the intangible influence of a community of interest on the part of a more or less common group of stockholders," the dissolution decree, in which the anti-trust policy found its consummation, was not effective "in and of itself" in furthering the establishment of competitive conditions. The production of crude petroleum, however, has at all times been in the hands of a large number of operators, and the presence of a vast amount of "independent" capital in the industry has also given rise to a great deal of competitive waste in the transportation, refining and marketing of petroleum. In the elaboration of his main thesis that competition in the oil industry means waste—"waste on a spectacular and magnificent scale"—the author presents an imposing array of facts and

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figures relating to the technology and economics of the oil industry. The value of the study is enhanced by numerous charts and drawings, many of them based upon Dr. Stocking's personal observations while in the employ of the geological department of one of the large companies operating in the north-central Texas oil fields. After devoting a chapter to the discussion of the disposition of our national petroleum lands, the author closes his study with the formulation of a tentative program which involves the institution of "a comprehensive system of federal regulation and control of petroleum production."—LEO ROGIN.

Students of Russian politics, understanding the intensity of party antagonisms in that country, recognize the manifest absurdity of expecting an "impartial survey" of the Bolshevist régime from a member of a conflicting political party. Nicholas Makeef, co-author with Valentine O'Hara of *Russia* (New York, Scribner, 1925; viii, 346 pp.), was not only a member of the Russian Social Revolutionary party, but also served a term of imprisonment under the Bolsheviki. The antipathy of the authors to the Soviet government permeates the volume and the selection of data to substantiate their thesis is evident. The keynote of their attitude towards the Communists is given early in the discussion of the revolution, ". . . they exploited the dark instincts of blind natural forces by inflaming the passions of the multitude with shrieking demagogic appeals, anything to obtain power which they would eventually use for objects quite foreign to the wishes and will of the people." The discussion that follows continues in this strain, expatiating in great detail on all the blunders and failures of the Soviet government, neglecting to brighten the picture by a presentation of its accomplishments. It should have been apparent to H. A. L. Fisher, the editor of the Modern World Series, that this book is merely another addition to the "thousands of polemical treatises on Russia, the fruits of anger, horror, prejudice and spite," which have little historical merit. — BERNHARD J. STERN.

Colonial Expansion: Including the Rise and Fall of Historic Settlements (Boston, Richard Badger, 1924; 263 pp.), by William Henry Cavanagh, distinctly disappoints the expectant reader. It is not a contribution to the literature of early English imperialism. Almost one-quarter of the volume is devoted to quotations from "ancient authors, rare books and pamphlets," and the remaining chapters contain the conventional narrative of the origin and growth of the Plymouth colony. Though the material is generally accurate and well documented, the presentation is neither clear nor interesting. Involved

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sentences frequently confound the reader already somewhat confused by the author's failure to choose his phrases carefully. Mr. Cavanagh evidently regards the Plymouth Plantation as the "historic settlement" most worthy of consideration, for he confines his attention to such weighty matters as traditions about Plymouth Rock, the origin of Thanksgiving and the courtship of Miles Standish. There is evidence of a wide reading acquaintance with the early chronicles of New England. In general, however, the book seems to be an example of what happens when a publisher persuades a writer to part with his manuscript before it is ready for publication.—JOHN A. KROUT.

The current *China Year Book,* 1925-6 (New York, Brentano's; xxx, 1349 pp.), is the ninth of the series; the previous numbers appeared in 1912, 1913, 1914, 1916, 1919, 1921, 1923 and 1924 respectively. The editor, Mr. H. G. W. Woodhead, who is editor also of the *Peking and Tientsin Times,* is making, through the *Year Book,* a unique contribution to the sources of our knowledge of China. This contribution is made over a wide range of subjects and it has required the cooperation of a number of recognized authorities, both Chinese and foreign. The topics treated include geographical, climatic and population statistics, mining, manufacturing, agriculture, commerce, communications, public works, politics and government, taxation, finance and currency, education, religion, labor and opium. Though no separate section is devoted to foreign relations, the important treaties are printed and a number of topics in the field, such as extraterritoriality, customs, leased territories and the consortium are treated. Especially full are the chapters on opium and the army. An extended chapter is devoted to the printing or reprinting of all the constitutions and election laws of the national government since 1907. It would have been worth while to have included the new Hunan constitution as illustrative of constitutional tendencies in certain provinces. The summary of political events during the previous year is of some length and provides an intimate *exposé* of an esoteric topic. It is impossible in a brief review to do even remote justice to the China Year Book. Authoritative, unbiased, rich in detail, well written and well edited, it is a monumental literary and statistical effort, the foremost work of reference on China and one of the best productions of its kind.—HAROLD S. QUIGLEY.

Frank and impartial but friendly criticism is nearly always as good for the soul of a nation as for that of an individual. Unfortunately, from the standpoint of one who believes that an antidote to American self-complacency is always beneficial, Professor Moritz J. Bonn's new book, *Amerika und sein Problem* (Munich, Meyer & Jes-

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sen, 1925; 176 pp.), has not been translated. Professor Bonn possesses two important qualifications for a study of the United States—a specialized knowledge of colonial and international economic questions, and a first-hand acquaintance with the United States as a lecturer at the University of California in 1914 and 1915 and more recently at the Institute of Politics at Williamstown in the summer of 1924. The central problem which Professor Bonn sets out to study is whether a country of the enormous size of the United States and with a most heterogeneous population will be able to retain the present degree of social solidarity and unity which has been imposed upon it by the spread of New England culture, or whether in time the various elements of the population will overthrow the Puritan and Anglo-Saxon ruling class and form themselves into separate cultural if not political units. In his examination of the central question, Professor Bonn gives an excellent description of many of the most perplexing problems of American life: the negro and his migration to northern cities; the German-American and his hostility to the prohibition amendment; the Catholic and his parochial schools; the new immigration law with its radical change from the traditional American policy; the deadly monotony of American life with its Sears-Roebuck products, its flivvers and its Babbitts; the conservatism of American labor with its hostility to Socialism and Bolshevism; the passing of the era of almost free public lands; America the paradise of capitalism and large-scale production. But so perplexing does he make the various problems seem that the reader is hardly ready to accept the validity of his optimistic conclusions. He rejects as improbable the possibility either of a complete and rapid physical intermixture of races, or a division of the United States into distinct cultural or political units on religious or racial lines. Rather he predicts that the various religious and racial groups will continue to live peaceably side by side, each enjoying equal political and civil rights, and that a rational policy of Americanization will help to decrease the inevitable friction. Professor Bonn writes for a popular audience but with an admirable detachment. He is to be commended particularly for an almost complete absence of rancor or bitterness. A few errors should be noted. The paper cover of the volume is decorated with an American flag which is reversed with the stars in the upper right-hand corner. It is not customary to speak of Manhattan as a peninsula (p. 7); France did not retain the Mississippi valley after 1763 (p. 34); the I. W. W. is usually classified as a Syndicalist or Anarchist rather than as a Socialist organization (p. 136). The American reader is surprised to find the longest chapter devoted to the French Canadians.—J. G. GAZLEY.

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An important contribution to our knowledge of the causes and objects of the Anglo-American War of 1812 is made in Julius W. Pratt's well written monograph, *Expansionists of 1812* (New York, The Macmillan Company, 1925; 309 pp.). Pre-war sectional politics are illuminatingly and convincingly treated to show that before the war, the northern and southern wings of the Democratic-Republican party came to a definite understanding that the acquisition of Canada on the north was to be balanced by the annexation of the Floridas on the south. The attitude and actions of the Madison administration are searchingly reviewed to prove that the President and his Secretary of State, Monroe, continuing the Jeffersonian tradition, were wholly in sympathy with the Florida project and furthered it by all means in their power—secret diplomacy and armed intervention in neutral territory—but that the administration, particularly Secretary Monroe, despite a faint Napoleonic ambition for military glory as possible generalissimo of the American armies, never really desired or expected the conquest of Canada. In explaining the ignominious failure of expansionist plans, the author points out the immense significance of sectional jealousy. The political bargain with which the war began broke down before military operations had fairly commenced. Opposition from northern Republicans combined with the Federalists forced the administration's reluctant abandonment of Spanish East Florida (we were not formally at war with Spain), while on the other hand a perceptible lack of enthusiasm on the part of the administration and of certain southern Republicans in Congress played a large part in the feebleness and futility of American efforts to conquer Canada. The study is well documented, and much hitherto unused material in various governmental archives, public libraries and private collections has been utilized. A few errors or omissions may be noted. On p. 100, in citing the original sources for the American occupation of Amelia Island, Florida, on March 18, 1812, the author overlooks the easily accessible account of an eyewitness in Professor McMaster's *Life and Times of Stephen Girard,* volume II, pp. 184-185. Also on p. 133 it is incorrectly stated that Harrison Gray Otis was a member of Congress in 1811-1812. Aside from these minor transgressions the volume maintains a high level of scholarly accuracy. In portraying an abortive manifestation of that grandiose American sentiment of "Manifest Destiny" and in further undermining the traditional myth of a "War for Free Trade and Sailors' Rights," Mr. Pratt's work is of signal value and interest.—JAMES O. WETTEREAU.

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At the heart of most discussions of programs of social and economic reform lies the question: What reward must be offered men to induce them to undergo the sacrifice, the disutility, of economically productive work? Whiting Williams, the man who puts on overalls to learn what the laborers are thinking, in *Mainsprings of Men* (New York, Charles Scribner's Sons, 1925; vi, 311 pp.) concludes that the desire to be appreciated, esteemed and to have an honorable place in the minds of those among whom one lives is the mainspring of action. The pay check is important, but "the farther the worker's skill takes him away from the hunger minimum, the more his pay-check's ability to buy material things is overshadowed by its ability to purchase an immaterial something of equal importance and of vastly greater intricacy. That something is his standing as a worker among his fellow workers" (p. 27). Mr. Williams explains that the difference between a "swell" job and a "bum" job is not a matter of a pecuniary nature, but rather a question of how the community regards that job. In his analysis of the factors which make a job respected by the working community are many interesting and surprising observations. He expands the idea that most of the disputes involving requests for higher wages are in reality not a result of the desire for greater purchasing power at all, but only symptoms of other more subtle dissatisfactions which are connected with the job, which deprive the workers of the appreciation of others, their own self-respect, or both. Mr. Williams occupies about one-third of his book with suggestions to employers relative to changes which may be made in labor-relations policies to give the workers this feeling of importance, akin to prestige. He states that more reliance should be placed upon men's knowledge than upon their ignorance, more upon their avarice for esteem than upon their avarice for money. This general principle is expanded by Mr. Williams far beyond employer-employee relationships, as he makes of this inherent desire to be appreciated a fundamental psychological condition motivating men's action. His treatment is that of the popular writer, addressing an audience of employers. The book does not pretend to be scientific in treatment. It is full of human interest, created by a superabundance of illustrations from the author's experience. — W. A. NEISWANGER.

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